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FINANCIAL TIMES

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WORLD NEWS

Ryzhkov to meet Shultz in Stockholm

The US and the Soviet Union agreed to hold talks in Stockholm today after the funeral of Premier Olof Palme.

Washington said State Secretary George Shultz would meet Soviet Premier Nikolai Ryzhkov, as world leaders gathered to pay tribute to the assassinated Swedish leader.

Moscow had already said it would extend its moratorium on nuclear testing, responding to a call made by Palme hours before his death on February 28.

Glenholmes plea fails

IRA murder suspect Evelyn Glenholmes, who faces nine warrants for extradition to *Britain, failed in a Dublin High* Court move to be freed

Coastal waters threat

Britain is prepared to close its coastal waters to vessels of other EEC countries unless they open their waters to British ships. Page 3

British Contras

President Reagan compared the Contra rebels in Nicaragua to the British fighting Nazi Germany, saying both needed US aid.

US envoy ordered out

A US diplomat caught spying has been declared unwelcome in *Moscow,* Tass news agency said.

Renault recalls R-5s

The French state-owned carmaker Renault recalled 300,000 R-5 "Supercinq" cars sold in Europe for safety cheks to the steering mechanism.

Rebel general escapes

Ecuador's army seized a Quito air base held by rebel air force general Frank Vargas Pazzos but he was reported to have escaped. Earlier story, Page 2

Tebbit promises reform

Tory Party chairman Norman Tebbit committed the Government to a radical reforming programme reaching beyond the next general election. Page 4

Law complaints body

A Solicitors' Complaints Board will be set up from January 1 to handle complaints from the public. Page 4

School voucher move

Education Minister Chris Patten *moved to damp* speculation that the Government was considering introducing a scheme for education vouchers. Page 4

Howe presses Unionists

Foreign Secretary Sir Geoffrey Howe increased pressure on Northern Ireland Unionist leaders to distance themselves from unconstitutional opposition to the Anglo-Irish agreement. Page 4

Philippines gold inquiry

The Philippines is investigating reports that several tonnes of gold a year were smuggled out of the country under President Marcos's regime. Page 2

Marxism 'not dogma'

Marxist economic theory was not dogma, and workers' income should depend on the amount and quality of their work, the Soviet newspaper Pravda said.

Sir Huw Wheldon dies

Sir Huw Wheldon, broadcaster and former BBC television managing director, died aged 69. Weekend FT, Page XVII

Eye editor to go

Private Eye editor Richard Ingrams is to step down. In his 25 years there, the magazine has paid libel damages ranging from £85,000 (Sir James Goldsmith) to 75p (Spike Milligan).

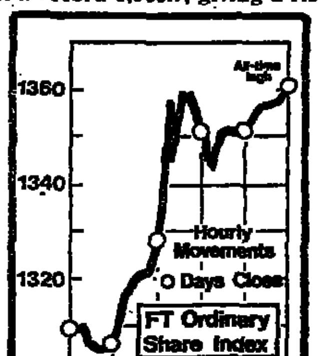
BUSINESS SUMMARY

BA chiefs may attempt buy-out

BRITISH Airways senior executives are exploring the possibility of a management buy-out, *involving employees,* of part or all of the Government's 100 per cent stake in the airline.

The move follows the government decision this week to postpone privatisation of BA indefinitely. Back Page

EQUITIES showed continued confidence *and the FT Ordinary* Share Index closed 10.1 up at a record 1,360.7, giving a rise



of nearly 52 points on the week. The FT-Actuaries All Share was 0.6 per cent higher at a peak of 791.05. Page 14

STOCK EXCHANGE'S traded options market was closed down by the failure of a computerised system intended to cope with the recent surge in dealing volume. Back Page

KENNING Motor Group rejected a cash or shares bid, valuing the company at £70.8m, launched by New Zealand entrepreneur Ron Brierley, Back Page; Analysis, Page 4

OPEC: At tomorrow's meeting in Geneva the United Arab Emirates is expected to attack bte price-war strategy of Saudi Arabia and Kuwait. Back Page

ITALY'S Treasury Minister Giovanni Goria warned the Milan *bourse,* on which the main index rose by 100 per cent last year, to exercise prudence. Page 3 *World Stock Markets,* Page 12

NORWEGIAN Government has asked parliament to approve a NKr 1.2bn (£114m) package of spending cuts and tax rises to offset the expected fall in oil and gas revenues. Page 3

INSTITUTE for Fiscal Studies warned the Chancellor against a Budget change in the method of taxing married couples. Page 3

REED International, publishing and paint group, has appointed Peter Davis, assistant managing director of J. Sainsbury, as deputy chief executive. Page 4

AMERICAN Medical International, health care group, is *writing off $175m (£119.5m)* and expects its first quarterly loss because of market setbacks. Page 11

ADELAIDE Steamship Company, Australian industrial and investment holding concern, more than doubled net income *to A$55.69m (£27.2m) in the* six months to December 31. Page 11

MARTONAIR accepted the £87.7m takeover offer from IMI. The merger will create a leading force among world pneumatic equipment makers. Page 10

RODAMCO, Dutch investment trust, won control of Haslemere Estates after raising its bid for *the* UK property group to £252m. Page 10

SUTER, engineering and distribution group which has agreed totake over UKO International, reported £9.54m taxable profits for 1985, against £4.14m. Page 10

WORLD BANK: A profile of Barber Conable, the 63-year-old American set to become the organisation's next president, is on Page 2.

Hopes grow for fall in interest and mortgage rates

BY MICHAEL CASSELL AND GEORGE GRAHAM

CONFIDENCE GREW in the financial markets yesterday that *interest rates would be allowed* to fall after next Tuesday's Budget.

Hopes of lower mortgage rates were strengthened when the building societies announced that they had experienced a surprisingly high inflow of funds in February, and the stock market continued the week's rise.

The building societies indicated that they would be *likely* to lower their rates if bank base rates were cut, but also held out the hope of lower mortgage rates even if base rates did not fall.

The FT Ordinary share index rose 10.1 points during the day, to close 1360.7.

This brought its gain during the week to nearly 52 points, its strongest performance this year. Gilt-edged securities also mad gains, and the Government announced issue of £1bn more of bonds, yielding 9.5 per cent.

Money market interest rates for all but the shortest-term *deposits have dropped* well below the current base lending rate of 12½ per cent, but the Government is cautious of any move before this weekend's meeting of ministers from the Organisation of Petroleum Exporting Countries and before *the Budget.*

In Whitehall it is not will lower their base rates until the foreign exchange markets have had time to assess the Budget.

Officials now appear less anxious about the chances that an unresolved Opec meeting will push oil prices down further, but remain cautious because of the impact this could have on sterling. The pound weakened *yesterday against* most other currencies.

Mr Gavyn Davies, chief economist at the stockbrekor Simon & Coates, said: "The Bank of England is still holding overnight and short-dated money very tight and has refused to sanction a cut in base rates so far.

"It is obviously preferable to wait until Opec and the Budget are out of the way, and then to sanction a 1 per cent cut, probaly in the latter half of next week."

The council of the Building Societies Association met yesterday and decided to leave interest rates unchanged for the time being, though reductions in investors' and borrowers' rates could come almost immediately after the Budget.

The extent of the cut will depend *on the size of any* reductions in base rates, but a 1 per cent reduction would most likely be followed by the societies bringing the present mortgage rate down to about 11.75 per cent.

Although societies might still be able to cut rates without a change in base rates, *their room* for manoeuvre could be restricted if the Budget included some form of financial services tax applicable to the societies.

The BSA said yesterday that societies took net receipts of £793m in February, against £474m in the same month of 1985, when funds were badly hit by a steep rise in bank base rates.

The societies expected February's *inflow to* be lower, especially after the 1 per cent rise in base rates in January, but they rose by £23m over the previous month.

Building society lending still grew in February, reaching £2.12bn against £1.65bn a year earlier. The societies increased

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Money Markets, Page 13
Michael Dixon's private view of the City, XVIII

Strike threat over GCHQ

BY DAVID BRINDLE, LABOUR STAFF

POWER WORKERS last night renewed their threat of national *protest strike* action after the Government launched a fresh move against the remaining trade unionists defying the ban on union membership at Government Communications Headquarters (GCHQ).

Staff known to have rejoined unions at the Cheltenham intelligence and signals monitoring centre and its out-stations yesterday received letters giving them 10 working days to sur*render* again their union membership or face disciplinary proceedings.

However, staff who have *retained union* membership ever since the ban was imposed two years ago were told they would not be dismissed, but could remain at GCHQ until they found suitable alternative posts or took premature retirement.

Civil Service union leaders maintained that this contradiction undermined the Government's entire case for the ban. They pointed out that the official notice proclaiming the ban had said without qualification that staff flouting it would be dismissed.

Mr Alistair Graham, chairman of the Council of Civil Service Unions, said: "This really blows a massive great hole in the whole reason for the ban in the first place."

Of about 7,000 GCHQ employees, the Government knows of 54 who retain union membership. The unions claim up to 85 members, about half of whom are said to have *rejoined since they initially* accepted the terms of the ban, signed an undertaking and each received a £1,000 payment.

The Government's move is seen as an attempt to divide the long-standing members, for whom there is perceived to be considerable public sympathy, from the rejoiners, who are portrayed as having gone back on a contract.

Both the Foreign Office and GCHQ insisted yesterday there had never been any intention of dismissing those staff who never gave up their union membership. Mr Don Chidgey, for GCHQ, said: "They have not done anything wrong in the accepted sense of the word. *They are quite different* to these others."

However, the distinction failed to make any impression on Mr Eric Hammond, general secretary of the electricians' union EETPU, who reiterated his plans to ballot his power station members on strike action as soon as any GCHQ worker is dismissed for union membership.

Mr Norman Willis, TUC general secretary, also reaffirmed the TUC's policy of a 24-hour "day of action" in the *event of any GCHQ dismissal.* Similarly, Mr Jack Dromey, secretary of the union body representing blue-collar government employees, said: "We will not be fooled by a crude and divisive tactic."

The Civil Service unions were told of the Government's move at a meeting yesterday with Sir Robert Armstrong, Head of the Home Civil Service, who promised to take no *further steps until* the unions meet Sir Geoffrey Howe, Foreign Secretary, next Tuesday.

Sir Robert said dismissal was "only one, and the extreme one" of a wide range of disciplinary measures that could be taken against the rejoiners. He added that the Government "very much hoped" there would be no need for dismissals.

Divide and rule at GCHQ, Page 6

Unilever loses brush with law

BY RAYMOND HUGHES AND CHRISTOPHER PARKES

ANY TOOTHPASTE maker able to crack the secret of squeezing a couple of yards of striped toothpaste into a handy-sized tube was given the right to try by a High Court judge yesterday.

In the teeth of strong opposi*tion from* Unilever, the manufacturer of the Signal brand, Mr Justice Hoffman said the Anglo-Dutch consumer products group was not entitled to a permanent monopoly in red and white dentifirice.

He dismissed an appeal by Unilever against the refusal of *the UK trade marks authorities* to register *four* marks for the Signal brand, manufactured by its Elida Gibbs subsidiary.

Colgate Palmolive, the US company which is one of Unilever's main sparring partners in international markets, had opposed the registration bid.

The judge said red and white stripes were a feature of toothpaste which other makers might legitimately wish to use.

produced a new brand or red and white striped toothpaste in a pack which was not otherwise confusing, the public would have little *difficulty* in distinguishing it from Signal, he suggested.

However, evidence from market research suggests that the colour or pattern of the blob squeezed out on to the average ttothbrush is of little consequence to the average man-in-the-bathroom.

Wide-ranging research by the Mintel market intelligence company suggests that most people in most areas of Britain and in most socio-economic groups buy a particular toothpaste mainly because they like its taste.

The second most-quoted reason for buying was: "No particular reason; I just often buy that brand." Colour was cited by only 1 per cent of a sample of 718 people questioned.

However, stripes are the main selling feature of Signal, which has been on sales in the UK for more than 25 years. Unilever claims it has an 8 per cent share of the market, while *independtn research suggests it* has nearer 5 per cent.

Unilever's main brands, Gibbs SR, Mentadent P, Signal and Close-Up, have about 19 per cent of the £93m UK market, trailing Colgate's 31 per cent share from Colgate Dental Cream, Blue Minty Gel and Ultrabrite, and Beecham's Macleans and Aquafresh brands which account for 23 per cent of UK sales.

Procter *and Gamble,* also of the US, has won about 12 per cent of the market with its Crest brands.

Mr Justice Hoffman said three of the marks in question consisted of devices representing lengths of red and white toothpaste; the fourth was the words "*Red Stripes.*"

The evidence fell far short of establishing that the stripes were "adapted to distinguish" or "capable of distinguishing" the goods within the meaning of the 1938 Trade Marks Act, the judge decided.

The judge said that the nature of the Unilever marks was such that he could see no prospect of there being a time when it would not be legitimate *for other traders to wish to* use them. They were therefore not capable of distinguishing Unilever's goods and so did not qualify for registration.

Appeal by Argyll fails as Guinness issues libel writ

BY DAVID GOODHART AND RAYMOND HUGHES

THE ARGYLL Group yesterday suffered a second legal defeat in its attempt to block the revised Guinness bid for the Distillers drinks group. At the same time Guinness sent the supermarkets group, and several of its advisers, a damages writ for injurious falsehood and defamation relating to Argyll's newspaper advertising campaign.

The Appeal Court upheld the *High Court's refusal to quash* the Monopolies and Mergers Commission's decision not to investigate Guinness's original £2.27bn offer. The court refused Argyll leave to appeal to the House of Lords. The company said last night it would consider whether to seek leave to appeal directly from the Law Lords.

The Appeal Court accepted Argyll's argument that Sir Godfray Le Quesne, QC, chairman *of the commission,* had exceeded his legal power in personally making the decision to lay aside the reference to the commission of Guinness's original offer.

However, Sir John Donaldson, the Master of the Rolls, said he had *little doubt* that the same decision would have been made by the whole commission or a group of its members.

Also, he said, the financial public had been entitled to rely on the finality of the laying-aside decision and the consequence that Guinness was "back in the ring."

Account had to be taken of the probability that deals had been done that relied on the *validity of the decision.*

Guinness said later that Argyll should now "abandon its judicial delaying tactics, which only dissipate shareholders' assets and delay the important choice to be made by Distillers' shareholders over the future of their company."

Simultaneously Guinness was

Continued on Back Page
Court judgment, Page 10

Imperial in deal to sell Golden Wonder to Dalgety

BY MARTIN DICKSON

IMPERIAL GROUP, the tobacco-to-brewing business fighting a £2.4bn hostile bid from Hanson Trust, has con*tracted to sell Golden Wonder,* its snacks business for £54m. The designated buyer is Dalgety, the food and agriculture group, but the deal is conditional on United Biscuits succeeding with its rival, recommended bid for Imperial.

Imperial had been seeking a buyer for Golden Wonder in an attempt to prevent the Office of Fair Trading recommending referral of its proposed £2.4bn merger with United to the Monopolies Commission on competition grounds. Golden Wonder produces crisps, nuts *and pot noodles.* It and United's KP subsidiary together account for about 40 per cent of the snacks market.

The cash sale will be adjusted for recent movements in inter-company loans, which will probably add £5m-£8m to the total. The price is considerably below analysts' initial expectations, which had been pitched nearer £80m.

Imperial, which has been advised by Hambros merchant bank and Goldman Sachs, the US investment bank, said it considered the terms to be fair *and reasonable and* in the interests of shareholders.

However, Mr Martin Taylor, a director of Hanson Trust, said Imperial seemed "anxious to make a forced sale because United Biscuits want them to." He said Hanson would keep Golden Wonder if successful *with its bid.* It was "very curious" to know the prospective price/earnings ratio on which the company was being sold.

Imperial gave no profits forecast for Golden Wonder, which made £8.1m pre-tax in 1984 on turnover of £117m. It made only £2.5m last year on turnover of £113m, but was badly hit by a strike. Imperial said last night that it employed capital of £24.6m at the end of October.

Dalgety said Golden Wonder would be "an ideal acquisition." The group is already a supplier of flavours and ingredients to the snacks markets and has been keen to become a manufacturer, increasing its banded *foods interests. Golden Wonder* would take it into the sector as the third largest competitor overall

Four potential buyers were on Imperial's short-list. The others are believed to have been Allied-Lyons, Pepsico, the US drinks group, and another unknown US company.

The OFT has yet to advise the Government on whether the Golden Wonder deal should *spare the United-Imperial* merger from a monopolies Commission reference.

Hanson's European listing, Page 10

WEEKEND FT

CITY FATHERS

London's revised City Plan reflects better understanding of the scale of change, and its impact on Guildhall government.

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FINANCE

Countdown to the Budget.

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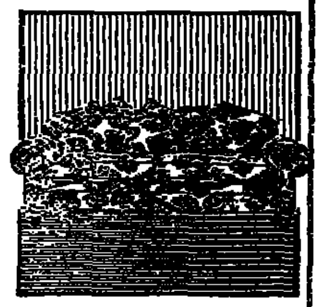

DIVERSIONS

Comfort with care — buying a sofa is a decision you may live with for years.

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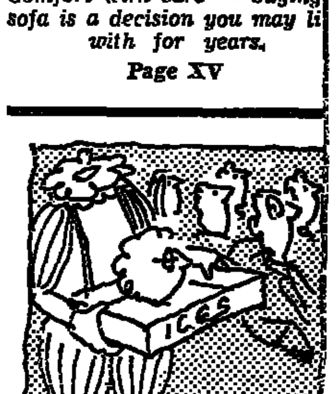

THE ARTS

Some theatres have "atmosphere," some don't. Does it matter?

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MARKETS

DOLLAR

New York lunchtime:
DM 2.26125
FFr 6.958
SFr 1.9025
Y176.85

London:
DM 2.262 (2.2955)
FFr 6.96 (7.06)
SFr 1.902 (1.932)
Y176.95 (179.9)

Dollar index 117.3 (118.6)
Tokyo close Y177.7

US LUNCHTIME RATES

Fed Funds 7⅜%
3-month Treasury Bills: yield: 6.74%
Long Bond: 115 35/64 yield: 7.89%

GOLD

New York: Comex April latest $348.9
London: $346.75 ($348.25)

STERLING

New York lunchtime $1.4625
London: $1.464 (1.4595)
DM 3.3125 (3.35)
FFr 10.1875 (10.305)
SFr 2.785 (2.82)
Y259.0 (262.5)
Sterling index 74.3 (74.6)

LONDON MONEY

3-month interbank: closing rate 11 13/16% (11¾)

NORTH SEA OIL

Brent 15-day April $12.80 ($14.60)

STOCK INDICES

FT Ord 1,360.7 (+10.1)
FT-A All Share 791.05 (+0.6%)
FT-SE 100 1,624.4 (+7.7)
FT-A long gilt yield index: High coupon 9.56 (9.59)
New York lunchtime: DJ Ind Av 1,775.74 (+22.03)
Tokyo: Nikkei 14,516.77 (+102.11)

Chief price changes yesterday. Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 8; France Fr 6.00; W Germany DM 2.20; Ireland 60p; Italy L1,800; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 90; Spain Pta 125; Sweden SKr 7.00; Switzerland Fr 2.20, Ireland 60p; Malta 30c.

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For London market and latest share index 01-246 8026; overseas markets 01-246 8056

Manila probes gold smuggling under Marcos

BY ALAIN CASS IN MANILA

THE PHILIPPINES Ministry of Natural Resources is investigating reports that several tons of gold a year were smuggled out of the country under the regime of deposed President Ferdinand Marcos.

The investigation was launched following a meeting with the country's chamber of mines which represents the leading gold producers in the Philippines.

Mr Ernesto Maceda, the newly-appointed Minister of Natural Resources said his ministry believes that gold worth as much as $220m a year ay have been smuggled out over them past three years. The investigation is part of the wider probe into the hidden wealth abroad amassed by Mr Marcos, his family and associates.

The chamber yesterday denied that there were any "leaks" in its gold production all of which is sold, by law, to the country's Central Bank. Mr Delfin Gonzales, the chamber's managing director, said "there has undoubtedly been some gold smuggling. But we can guarantee that the source is not our producers."

The Philippines has eight primary gold producers and several more copper mining companies who sell copper concentrate both to the state and to foreign commodity dealers who extract gold from the crude ore.

There are also around 250,000 small gold panners who produce alluvial ore mainly in the southern island of Mindanao and northern Luzon. The ministry believes that most of the smuggled gold is purchased from these small producers and shipped to Hong Kong via Sabah, the Malaysian state on the island of Borneo.

There have been persistent reports recently that the Marcos family acquired substantial amounts of gold as part of their plunder of the Philippines. US customs in Hawaii say that, when Mr Marcos and his family arrived after fleeing the Philippines, the crates of money and valuables they brought with them included gold bars.

Gold dealers in Manila say that, if the Ministry of Natural Resources is correct in its figures, the smuggled gold cannot have only come from small producers. Said one executive "there simply isn't enough to go around."

A *spokesman* for the Central Bank said that Mr Jose Fernandez, the governor, had investigated the books and found that no gold was missing over the past three years.

Court stops US customs from releasing documents

BY OUR US EDITOR

DEPOSED President Marcos has won a court order temporarily preventing the US customs service from releasing about 1,500 sensitive financial documents which he brought with him to Hawaii as he fled the Philippines last month.

The documents, which are thought to contain important clues to the whereabouts of Mr Marcos's secret personal fortune, were impounded by customs when he arrived in Hawaii aboard a US transport aircraft on February 26.

The Reagan Administration has promised to provide copies of the documents to both Congressional and Philippine investigators trying to track down Mr Marcos's hidden wealth. Mr Marcos's lawyers, however, are seeking the immediate return of the documents and other valuables, including crates of Philippines currency, claiming that they are being held illegally.

With the Reagan Administration expected to ask a federal court in Hawaii to rule on who owns the disputed items—Mr Marcos or the new Philippine Government—there could be a lengthy legal tussle before the matter is resolved.

The documents are also reportedly being sought by two US grand juries investigating possible financial irregularities under the Marcos Government.

The former armed forces chief of staff, Gen Fabian Ver, in exile with Mr Marcos in Hawaii, has been subpoenaed to appear before one of these hearings.

The other panel, in Pittsburgh, is investigating allegations that Mr Marcos received nearly $80m in illegal kickbacks in the award of a nuclear power plant contract.

Indicators give mixed view of US economy

By Reginald Dale, US Editor, in Washington

A NEW batch of indicators yesterday continued to give out mixed signals on the likely strength of the US economy in the months ahead.

On the positive side, the February wholesale (producer) price index recorded the biggest fall since the Government started keeping track on the figures in 1947.

The index fell 1.6 per cent, under the impact of a sharp decline in energy costs (down 9.4 per cent) and a moderate decrease in food prices (down 1.6 per cent).

The dramatic decline provides further ammunition for those in the Reagan Administration, understood to include Mr James Baker, the Treasury Secretary, who are pressing for further cuts in US interest rates.

Declining energy prices, however, do not yet appear to hav sparked the early economic boom that some economists have been predicting. Industrial production in February, for which figures were also released yesterday, fell by a larger than expected 0.6 per cent, after a revised rise of 0.1 per cent in January, the steepest decline since last October.

It prompted some analysts to conclude that overall growth will be weaker than the more optimistic forecasts of a 3.5 to 4.0 per cent annual rate in the first quarter.

In a further indication of sluggish demand, business inventories rose by 0.7 per cent in January, the biggest one-month increase since August 1984, the Commerce Department reported. Retail inventories increased particularly sharply, reflecting low levels of sales to consumers.

The White House understandably chose to concentrae on the wholesale price figure, saying that it would "send a strong message" to the overall economy. "Consumer prices are coming down, and the fears of inflation have all but abated," said Mr Larry Speakes, the White House spokesman.

US aid for Chad

President Ronald Reagan has ordered the shipment of up to $10m (£6.85m) of US military supplies to the Government of Chad to help repel attacks by Libyan-backed insurgents, the State Department has announced, AP reports from Washington.

NY politician kills himself in bribes scandal

BY TERRY DODSWORTH IN NEW YORK

MR DONALD MANES, 52, the New York politician at the centre of a widening corruption scandal, has committed suicide in the wake of new evidence that the city's bribery investigation was closing in on him.

Mr Manes, who resigned as Queen's Borough President last month, died from a knife wound to the heart. Police said he had apparently stabbed himself with a 12-in kitchen knife while talking to his psychiatrist.

His wife, Marlene, found him lying on the kitchen floor and rushed him to hospital, but he was dead on arrival.

In a sombre mood yesterday, Mayor Ed Koch, whose administration has been shaken by the bribery allegations, expressed his sorrow over the death of a man who had been one of his closest political associates.

The mayor, who once called Mr Manes "my good friend," had brutally cut his links with the Queen's politician early in the scandal, branding him a "crook."

The death of Mr Manes comes just two months after he was found in his car bleeding from cut wrists in an earlier suicide attempt. It was this incident which first alerted New Yorkers to the possibility that something was amiss, and since then revelations of bribery have continued to stream out of City Hall.

The most crucial incident in this process came earlier this week, when Mr Geoffrey Lindenauer, deputy director of the city's Parking Violations Bureau, pleaded guilty in a federal court to charges of extortion and mail fraud.

Mr Lindenauer, a close associate of Mr Manes for many years, agreed to testify against other city officials in exchange for promises of leniency—a deal expected to threaten Mr Manes.

Although no charges had been brought against the Queen's Borough President, he had been accused by one contractor of asking for bribes to be paid to keep a contract at the Parking Violations Bureau.

Prosecutors were also believed to be thinking about an offer for clemency for Mr Manes in the hope that he had evidence of corruption that would bring other officials to justice.

Friends were yesterday talking poignantly of Mr Manes as a tragic personality. His death comes after a highly successful career in local politics, which he dominated in Queen's for the 14 years he held the post of Borough President.

He was known as a masterful manipulator of the Queen's Democratic party machinery.

Because of his popularity, the Republican opposition in the local elections last November did not put up an official candidate, leaving Mr Manes to romp home with 84 per cent of the vote.

UN gently reprimands US on staffing row

BY OUR UNITED NATIONS CORRESPONDENT

THE US may have been within its rights in asking that the Soviet Union reduce its representation at the United Nations from 275 to 170, almost 40 per cent, but it went about it the wrong way, Secretary General Javier Perez de Cuellar believes.

Consultation, conciliation and, finally, "dispute settlement procedures," should have been the course to follow, Mr Carl-August Fleischhauer, the UN legal counsel, told a UN committee called into urgent session to consider the question.

Mr Vasily Safronchuk, the Soviet delegate who asked for the special meeting, repeated Moscow's charges that the US action was illegal at worst and arbitrary at best. He said it was part of a "hostile" campaign against the UN.

Mr Herbert Okun, the US representative, responded that Washington gave strong political and material support to the world body and "that policy has not changed."

"The US is as sensitive to the responsibilities and honour of being host country to the UN as we have ever been," Mr Okun said.

The US delegate did not, however, rebut the opinion of the UN legal counsel that, "should the host state have any reservations regarding the size of a mission, such reservations are to be resolved through consultations and if these fail, dispute settlement procedures." Mr Fleischhauer said Mr Perez de Cuellar was ready to help the two sides resolve the problem.

The Americans, in what Mr Safronchuk called "cowboy" diplomacy, demanded that the Soviet Union cut its representation within two years, because it posed a threat to US security.

Mr Fleischhauer's statement to the UN committee on host country relations was more forthright than some diplomats had expected, since the UN secretariat usually tries to avoid taking sides

According to one Western diplomat, Mr Perez de Cuellar is "terrified" by the dispute, which occurs at a time when the UN is beset by a financial crisis caused by a move in Congress to reduce Washington's contribution to the organisation by millions of dollars and US public opinion has become increasingly sceptical about the value of the UN.

Ecuadorian troops ring airbase held by general

BY SARITA KENDALL IN BOGOTA

POLICE AND troops with anti-aircraft guns surrounded Quito's military airbase yesterday after it had been taken over by former air force commander, Gen Frank Vargas Pazzos.

The rebel general has called on Ecuadorians to topple President Leon Febres Cordero and form a new civilian-military government. The President has imposed a state of emergency in the Quito region and in the province of Manabi, where Gen Vargas last week began his rebellion by taking the Manca airbase.

Despite Gen Vargas's call for a popular revolt there have been no signs of any support for him in Quito. Neither the trades unions nor the universities which are not sympathetic to President Febres Cordero's right-wing Government, have joined him. However the general has reportedly raised supportin Manabi where he is seen by some as a folk hero because of his concern for the poor and his love of flowers and ecology. Among his own troops he has the reputation of being a charismatic leader though others consider him unbalanced.

Gen Vargas took the Quito airbase after he was flown to the capital for a court martial. The army commander and the Defence Minister, whom he accused of corruption in connection with the purchase of a Fokker aircraft, have resigned.

Although President Febres Cordero has said the general heads a political conspiracy, there is no evidence of other political involvement, and parliamentarians have been mediating to try and reach a peaceful solution.

Moslem kidnappers give France 'last warning'

BY NORA BOUSTANY IN BEIRUT

AN underground radical Moslem group holding French hostages has issued a last warning to the Paris Government to meet its demands, backed up with emotional video-taped pleas for freedom by three of the captives.

Islamic Jihad ("Holy War") provided the British-owned Visnews Television company with a six-and-a-half-minute film of three Frenchmen missing in Beirut since last year.

"We hold the French Government responsible for any delay in meeting our demands," an accompanying statement said.

The organisation has criticised France for providing Iraq with arms in the Gulf War.

"We repeat that our demands are clearly and precisely known by the French authorities. We have defined them well and in detail and they are not negotiable," the statement added.

It was at least the fourth made by Islamic Jihad to the international press since it announced the execution of the French Arabist and sociologist, Mr Michel Seurat, on March 5.

Messages read out by the kidnapped French Embassy officials, Mr Marcel Fontaine, 43, and Mr Marcel Carton, 63, and a journalist Mr Jean-Paul Kauffmann, 42, to their families, Government and colleagues, were similar in tone to letters written by US kidnap victims on November 8 last.

Last October, Islamic Jihad announced it had executed a US diplomat, Mr William Buckley. A week ago, the four-man television crew of Antenne-2 of France was kidnapped by gunmen

Gandhi attacked over Moslem alimony bill

By K. K. Sharma in New Delhi

Mr Rajiv Gandhi, India's Prime Minister, and his aides have spent considerable time in the past fortnight trying to win support for a controversial bill that seeks to negate a judicial verdict stipulating that Moslem women who are destitute are entitled to "maintenance" (alimony) from husbands who divorce them.

The lobbying started after Mr Gandhi found himself in the centre of a controversy that has provoked fierce criticism from within his normally docile Congress-I Parliamentary Party and many of the country's opposition parties.

The disputed bill has already led to the resignation of one minister, Mr Arim Mohamed Khan, a fierce debate on whether legislation for just one community is justified under India's secular constitution and divisions among the Moslems who form just over 11 prr cent of India's 750m population.

The bill has its origins in a Supreme Court judgment last year ruling that a destitute 69-year-old Moslem woman, Shah Bano, was entitled to maintenance from her husband who divorced her after more than 40 years of marriage. Shah Bano had sued for alimony under a section of India's criminal law which entitles a magistrate to order payment of maintenance to prevent vagrancy.

The verdict was hailed by liberal and progressive Moslems, women rights' groups and most political partis, including the Congress-I. But it was vigorously opposed by the Moslem clergy, fundamentalists and conservatives

Mr Gandhi's Government was thought to support the court ruling especially after Mr Khan, the 35-year-old Minister of State for Energy, last year opposed a Moslem private member's bill seeking to reverse the verdict on the grounds that it was not supported by the holy Koran.

But Moslem fundamentalists have been putting pressure on the Government, mainly on the grounds that all religious communities in secular India were entitled to follow their customs. Sensing that the issue could alienate a sizeable part of the Moslem minority community—which is important politically—Mr Gandhi changed his mind.

A fortnight ago, a Government bill seeking to reverse the court verdict was introduced to parliament even though it was stoutly opposed by many opposition and Congress-I members. The bill limits a Moslem husband's responsibility for maintenance, or alimony, to just three months after divorce. After that, the responsibility would be on the wife's relatives and, if they cannot provide the requisite maintenance, responsibility would fall on statutory boards that look after Moslem religious property.

Musa to keep party post

DATUK MUSA HITAM yesterday confirmed his resignations as Malaysian Deputy Prime Minister and Home Affairs Minister, but has decided to retain hise position as deputy president of the ruling United National Organisation (Umno), Wong Sulong reports.

By leaving the Cabinet, but retaining the party's post, he is sending a clear signal to Umno members that he is disassociating himself from the policies of Dr Mahathir Mohamad, the Prime Minister, while at the same time, offering himself as an alternative leader.

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BASE LENDING RATES

ABN Bank	12½%	Grindlays Bank	‡12½%
Allied Dunbar & Co.	12½%	■ Guinness Mahon	12½%
Allied Irish Bank	12½%	■ Hambros Bank	12½%
American Express Bk.	12½%	Heritable & Gen. Trust	12½%
Amro Bank	12½%	■ Hill Samuel	§12½%
Henry Ansbacher	12½%	C. Hoare & Co.	12½%
Associates Cap. Corp.	12½%	Hongkong & Shanghai	12½%
Banco de Bilbao	12½%	Johnson Matthey Bkrs.	12½%
Bank Hapoalim	12½%	Knowsley & Co. Ltd.	13 %
Bank Leumi (UK)	12½%	Lloyds Bank	12½%
BCCI	12½%	Edward Manson & Co.	13½%
Bank of Ireland	12½%	Meghraj & Sons Ltd.	12½%
Bank of Cyprus	12½%	Midland Bank	12½%
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Bank of Scotland	12½%	Mount Credit Corp Ltd.	12½%
Banque Belge Ltd.	12½%	National Bk. of Kuwait	12½%
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Beneficial Trust Ltd.	13½%	National Westminster	12½%
Brit. Bank of Mid. East	12½%	Northern Bank Ltd.	12½%
■ Brown Shipley	12½%	Norwich Gen. Trust	12½%
CL Bank Nederland	12½%	Peoples Trust	13½%
Canada Permanent	12½%	PK Finans. Intl. (UK)	13½%
Cayzer Ltd.	12½%	Provincial Trust Ltd.	13½%
Cedar Holdings	13 %	R. Raphael & Sons	12½%
■ Charterhouse Japhet	12½%	Roxburghe Guarantee	13 %
Citibank NA	12½%	Royal Bank of Scotland	12½%
Citibank Savings	¶12½%	Royal Trust Co. Canada	12½%
City Merchants Bank	12½%	Standard Chartered	12½%
Clydesdale Bank	12½%	TCB	12½%
C. E. Coates & Co. Ltd.	13 %	Trustee Savings Bank	12½%
Comm. Bk. N. East	12½%	United Bank of Kuwait	12½%
Consolidated Credits	12½%	United Mizrahi Bank	12½%
Continental Trust Ltd.	12½%	Westpac Banking Corp.	12½%
Co-operative Bank	*12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Yorkshire Bank	12½%
Duncan Lawrie	12½%		
E. T. Trust	13 %		
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The 'dark horse' ready to take over at World Bank

BY STEWART FLEMING IN WASHINGTON

EXECUTIVE directors of the World Bank from developing countries were anxiously asking themselves "Barber who?" in response to the US announcement that President Ronald Reagan had officially proposed that a former Congressman, Mr Barber Conable, should succeed Mr A. W. "Tom" Clausen as World Bank President.

But knowledgeable Washington insiders, such as Dr Norman Ornstien, a political scientist at the conservative-leaning American Enterprise Institute, had no such reservations.

Using terminology familiar to US bowling enthusiasts, Dr Ornstien said: "I think this nomination is a 10 strike. It's a brilliant choice on the part of the Administration."

In their way, both reactions are understandable and both are instructive. Given the non-availability of men such as Mr Paul Volcker, the Federal Reserve chairman; Mr George Shultz, Secretary of State; or Mr William Brock, the Labour Secretary; the US Treasury Secretary Mr James Baker, has pulled a thoroughbred "dark horse" out of the hat, neatly puncturing the hopes of his right-wing republican critics, who were beginning to sniff victory for a favoured candidate of their own.

There is no question that Mr Conable, a truly independent and high-principled Congressman for 20 years until 1984, a man who voted consistently as a fiscal conservative on budget and tax issues but was widely seen as a "Rockefeller liberal" when it came to social issues, is a political thoroughbred.

In his Congressional district in Rochester New York, the home of the Eastman Kodak company, Mr Conable was often seen to be playing the national statesman too regularly, sometimes at the expense of his local constituency. But his integrity was unquestioned.

He steadfastly refused to accept more than $50 in individual campaign contributions, for example, and when asked about his political philosophy, was quick to quote Edmund Burke's pragmatic rubric: "Early reform is accommodation to a friend. Late reform is capitulation to an enemy."

He rose quickly in Congress following his election in 1964. He was seen by his colleagues as one of the most able, intelligent and perceptive legislators of his generation.

Barber Conable . . . energy and open-mindedness.

Also, he was acknowledged to have a capacity to master both the political and economic intricacies of arcane issues such as tax reform and trade, which are the special preserve of the House Ways and Means Committee on which he rose to the position of senior Republican.

Unlike many who come to Washington, when the time came for him to feel he had done as much as he could in Congress, he was able to surrender power voluntarily.

It will be particularly galling to conservative critics who watched him vote against supply-side tax cuts and criticise right-wingers as ideologically blinkered, that Mr Baker has lighted on a polictician and lawyer who not only does not share their views, but who also, because he is from the same upper New York State region, will not be an easy target for their leader, Representative Jack Kemp.

The positive side of the US decision has to be balanced, however, by serious questions about his experience which led some World Bank officials on Thursday to describe the boardroom as in a state of "shock" after the US proposal.

It is his misfortune to be a known second choice and, more important, an unknown in terms of the world stage on which he will now be expected to play a major role.

His energy, open mindedness and speaking skills will help, as will a quick mind, but he has limited experience of the great international financial and economic issues with which the world is grappling and even less experience of the economics of developing countries.

He is, as one World Bank official put it, a novice so far as the World Bank itself is concerned, lacking the administrative experience of running a large bureaucracy.

His appointment will not be the big morale booster some executives had been hoping for, especially those who believe that a younger man who might serve two terms would have been ideal.

Nor does he bring to the post the authority in international economic affairs which would assure him a fast start in the task of leading the World Bank as it seeks to put flesh on the bones of Mr Baker's "plan" for trying to ease the Third World debt crisis.

The governments of developing countries, the boards of commercial banks and the managing director of the International Monetary Fund will want to spend some time weighing him up before deciding whether to give him their confidence.

His greatest strength is undoubtedly his political skill and his high reputation on Capitol Hill — assets which should not be under-rated at a time when the World Bank desperately needs Congress to approve a capital increase to enable it to expand.

It comes at a time when in all probability, the bank's current political mentor in the Reagan Administration, Mr Baker, is likely to be quitting within the next 18 months to play a role in the next Presidential election.

Given Washington's jaundiced view on foreign aid, Mr Conable will need to strain every one of his well-honed political sinews to deliver the capital increase which many will see as the ultimate test of the success of his tenure

Bomb explosion downed jet, India panel says

A JUDICIAL panel has concluded that a bomb caused an Air India jetliner to crash in the North Atlantic, killing all 329 people aboard, the Government confirmed yesterday, AP reports.

The inquiry was headed by High Court Justice Bhupinder Nath Kirpal, who visited Ireland and Canada to investigate the June 23 crash. He submitted his findings to the Government late last month.

"On the basis of circumstantial and direct evidence, the court has concluded that the accident was caused by an explosion of a bomb in the forward cargo hold of the aircraft," Mr Jagdish Tytler, Minister of State, Civil Aviation, told parliament.

Aviation experts from a number of nations, including the US, Britain and Canada, testified during the eight months of the inquiry.

Indian authorities earlier had said they suspected militant Sikh separatists took advantage of lax airport security and planted a suitcase bomb aboard the Boeing-747 in Canada, where the Bombay-bound originated.

Anonymous callers had claimed responsibility for the crash on behalf of Sikh secessionist groups campaigning for the independence of India's Sikh-dominated Punjab State.

Several experts had agreed before the Kirpal inquiry that the crash of the Air India jet was caused by a bomb. But they differed over whether the blast occurred in the forward or rear cargo compartments.

The findings contradicted testimony of the US Boeing Corporation, whose investigator argued that the explosion occurred in the rear-cargo section.

Two Sikh fugitives are being sought by Canadian, Indian and US authorities for questioning in the downing of the jetliner.

Japan industry downturn

BY YOKO SHIBATA IN TOKYO

JAPANESE manufacturing industry was suffering a slight downturn because of the decline in exports caused by the steep rise of the yen against the US dollar, the Bank of Japan said in its monthly report, published yesterday.

About half Japan's manufacturing output is exported of which more than 60 per cent goes to dollar-based currency areas.

But the bank points out that the economy will be helped by the reduction in interest rates and reduced import costs with the fall in oil prices.

The bank adds that Japan's economy would also benefit from the relatively healthy state of the West German, French and British economies which were expanding through strong domestic demand, and from the US economy's stable "upward trend."

Investment in plant and equipment, the bank said, remained steady

Bourse in Milan given a strong warning

By Alan Friedman in Milan

ITALY'S Treasury Minister, Mr Giovanni Goria, has issued an extremely strong and unusual warning to the booming Milan bourse to "exercise prudence." The minister's warning, delivered before an audience of top stockbrokers, bankers and industrialists in Milan, comes as the bourse continues to enjoy a bull run which last year saw the main stock market index rise by 100 per cent; the index has risen by a further 37 per cent in the first 10 weeks of this year.

Mr Goria's unusual comment came as the bourse found itself in a virtual state of investment euphoria. "The time has come," said the minister, "to remind the operators on the market that when one loses sight of the relationship between prices and the real value of the shares being traded this can imply that the market is heading for defeat."

The Milan Bourse has been in a steady boom for more than a year now, no longer fuelled by fundamentals such as the restructuring of industrial balance sheets, political stability and improved corporate profitability, but instead by unprecedented liquidity and a lack of new issues.

In the past 15 months newly authorised unit trusts have attracted $20bn of funds from over 1m savers and have invested roughly a quarter of their portfolios in the bourse, which has only 180 quoted shares and fewer than 40 actively traded.

The Consob stock market authority has imposed rigid deposit requirements on share transactions and has exercised more vigilance than ever before, but Dr Franco Piga, Consob president, said the authority "has played all of its moderate cards and is now without further ammunition."

In the market the greatest fear would be a repeat of the 1981 crash which saw transactions halted and a temporary closing of the market. But it is stressed by stockbrokers that liquidity in the bourse means that current trading is far less speculative than in the past.

Dr Piga said that the total funds in unit trusts could reach L50,000bn (£22bn) by year end. He also said that a large part of the L130,000bn market capitalisation was "in the hands of just five large groups." The total capitalisation of the bourse has more than doubled since the start of 1985.

Both Mr Goria and Dr Piga agreed on the urgent need for more quoted companies, but the outlook is for only around 15-20 new listings this year. With savers' cash flooding into unit trusts at the rate of between $1bn and $2bn a month, the demand side of the equation is such that shares are soaring with little regard to basic values.

For example, price-earnings ratios, which average between 20 and 30 on the Milan bourse, have become almost useless as an analytical tool. The price of ordinary shares in Fiat, for example, has risen from L3,000 per share a year ago to nearly L10,000 a share this week.

Lisbon to ease bank curbs

By Diana Smith in Lisbon

PORTUGAL'S Social Democrat Cabinet has said it is prepared to consider granting licences to a number of foreign and new domestic banks whose applications have been frozen for nearly a year, Diana Smith reports.

Before doing so, however, the Government wants applicants to negotiate an investment contract whereby they would agree to acquire premises from smaller nationalised Portuguese banks needing to divest.

The Government also wants applicants to agree to participate in new investment or leasing companies, unit trusts, venture capital companies, or regional development companies.

Britain ready to close coastal waters to EEC

BY PAUL CHEESERIGHT IN BRUSSELS

THE BRITISH Government is prepared to close its coastal waters to the vessels of other European Community countries unless they open up their waters to British vessels.

This was the message Mr Nicholas Ridley, the Transport Secretary, conveyed to Community transport ministers when they discussed the development of a Community maritime policy yesterday.

If the issue of the freedom to provide services, a basic right under the Treaty of Rome setting up the Community, was to be put aside, then the UK would have to take its own decisions on cabotage rights, Mr Ridley said.

Cabotage is the reservation to a country's carriers of the right to carry that country's internal traffic. It has not been applied in British coastal waters since the 19th century.

Mr Ridley went on to tell ministers that the UK is no longer prepared to accept a situation where fleets of other EEC countries have rights in British waters when they are not even prepared to discuss extending comparable rights to British vessels.

"It is intolerable. We cannot go on. The time has come when fairly soon, British patience will run out," Mr Ridley said.

The tenor of these remarks fits into the British policy of pushing for the elimination of trading barriers in the Community. It finds its counterparts in aviation with the drive to liberalise air fares.

Mr Ridley's warning echoes the sentiments expressed by Conservative members during a Commons debate earlier this week on shipping questions.

The difficulty for the UK is that countries such as France, Greece, Italy, Portugal and Spain reserve to their own companies the right to carry coastal cargoes.

A British vessel cannot take a cargo from Dover, for example, unload it at Cherbourg, and then pick up another and unload it at Le Havre.

For the UK, changing this situation and winning the right to provide services is the key element in the move towards a Community maritime policy.

The policy would be a package where liberalisattion internally would be matched by a strengthening of the ability of the Community collectively to take measures against foreign countries accused of unfair trading practices.

Mr Ridley was apparently angered that, yesterday, ministers spent nearly all their time discussing the external aspects of maritime policy while apparently avoiding the internal market question.

Oslo presses for austerity package as oil price falls

BY FAY GJESTER IN OSLO

NORWAY'S Government has asked the Storting (parliament) to approve a NKr 1.2bn (£114m) crisis package of spending cuts and tax increases, to offset the expected steep fall in revenues from the country's offshore oil and gas—a result of the recent oil price slide.

The measures, which would take effect from May 1, would increase taxes on petrol, tobacco and alcohol. The higher petrol tax would virtually cancel the effect of recent significant price-cuts by oil product retailers.

Spending cuts would affect food, transport and shipbuilding subsidies, road building and defence. But since most of these sectors will benefit from cheaper oil, the Government says that the net real effect will be small.

Prime Minister Kåre Willoch said Norway had been living "above its means" since January. If nothing was done now there would have to be an even steeper fall in living standards later.

Because it lacks a majority in the Storting, the centre-right coalition will need support for the measures from either the Socialist-Labour opposition or the far right Progress Party. A Labour Party spokesman said his party had emergency proposals of its own prepared, and hoped agreement could be reached on a compromise package.

● Philips Petroleum Norway has relinquished its 25.87 per cent stake in a Norwegian gas/condensate field scheduled for development—the first time a Norwegian licensee has ever handed back its share of a licence on which petroleum has been found.

Denmark attacks consumer demand for third time

BY OUR COPENHAGEN CORRESPONDENT

MR Poul Schluter, Denmark's Prime Minister, announced yesterday his minority Conservative-Liberal government's third draconian economic austerity package within a space of a year.

Dubbed the "Easter egg package," the new measures aim to cut back Danish consumer demand by DKr 11bn (£903m) in an attempt to curb the country's persistent balance of payments deficit. The measures include increased taxes on energy consumption such as oil, petrol, electricity and gas, as well as on wine, beer, spirits, cigarettes and confectionery.

In addition, a 10 per cent tax is to be imposed on such luxury goods as television and video sets, vacuum cleaners, refrigerators and washing machines. Taxes on package holidays abroad are also to be increased, especially to so-called exotic destinations outside Europe.

Finally, value added tax (VAT), already at a high 22 per cent, is to be raised by one per cent. Denmark's current account deficit soared to a preliminary DKr 28bn last year from DKr 17.7bn in 1984 and is continuing to deteriorate.

Romania devalues leu

ROMANIA has unexpectedly devalued the leu against Western currencies by more than 17 per cent. There has been no official announcement or explanation for the decision apart from the publication of the new rates by Romania's national bank last Saturday, Patrick Blum writes from Vienna.

The new tourist rate was quoted at leu 12.55 to the dollar on March 10 compared with 10.65 on March 3. The commercial rate is now leu 17.75 to the dollar compared with leu 14.91 on March 3.

The decision seems to represent an about-turn in the Romanian authorities' financial policy. In November 1984 the leu was surprisingly revalued by over 20 per cent in a move described by Romanian officials as designed to encourage export growth.

Western diplomats in Bucharest are puzzled by the devaluation. Romania's industry has been badly hit by the second bad winter in a row, it faces a serious energy crisis and its exports have suffered as a result.

EEC unveils plans to sell butter

BY QUENTIN PEEL IN BRUSSELS

A TWO-PRONGED attack on the 1m-tonnes EEC butter mountain was unveiled yesterday by the European Commission in Brussels, paving the way for cheap butter sales to the Soviet Union, and bigger subsidies for possible sales to old-age pensioners and the unemployed.

The moves were announced as farmers leaders from every country in the Community gathered in Brussels to denounce the Commission's efforts to curb the cost of the EEC farm policy and stop the growth of new food surpluses.

M Francois Guillaume, the leader of the French federation of farm unions, even called for the declaration of a farm trade war between the EEC and the US, in an effort to protect the European share of world markets.

The Commission's latest moves to offload its surplus butter fit in with a more aggressive export policy, and appear to be preparing the way for the sale of a long-mooted 100,000 tonnes of 18-month-old stocks to the Soviet Union.

New regulations will allow traders to tender for contracts to export cheap butter to Eastern Europe, including the Soviet Union as well as India and Pakistan. Tenders will be submitted twice a month, allowing the Commission to fix the level of export subsidies more quickly and flexibly than it does at present.

The plan is for a tender or combination of tenders for export of old butter, totalling a minimum of 100,000 tonnes, which would then benefit from higher than normal export subsidies.

As if to head off the likely political criticism of a new butter sale to the Soviet Union, the Commission also announced plans to almost double the subsidy level on sales of cheap butter to pensioners and people on social security — from Es 80 (£52) to Es 150 per 100 kgs.

Walter Ellis examines the continuing growth of the home-improvements market

DIY-minded companies turn to acquisition

COMPANIES wishing to move into the do-it-yourself market tend to do so through acquisition, rather than by building up businesses from scratch, as might seem more appropriate. They fear the market, though attractive, may not expand much more and are painfully aware of the soaring cost of suitable store sites.

Ward White, the retail group, last week bought Payless, Marley's DIY arm, for £94m. Since then, Ladbroke, in search of a fourth core activity to add to its racing, hotels and property dividends, has made an agreed bid, worth nearly £200m, for Home Charm, which operates Texas Homecare stores.

Further large-scale changes of ownership are thought unlikely this year because of a shortage of suitable candidates. Most of the large independents have already been swallowed up. Woolworth owns B&Q, which with more than 120 stores and 17 per cent of the market, is the current DIY market leader. W. H. Smith has the rapidly expanding Do-It-All. Sainsbury's has the up-market version, Homebase.

Magnet and Southern, the building supply chain, with a developing retail division, remains in independent hands. Wicks, which supplies mainly to the building trade and to semi-professional DIY-ers, is quoted on the Unlisted Securities Market but is controlled from the US.

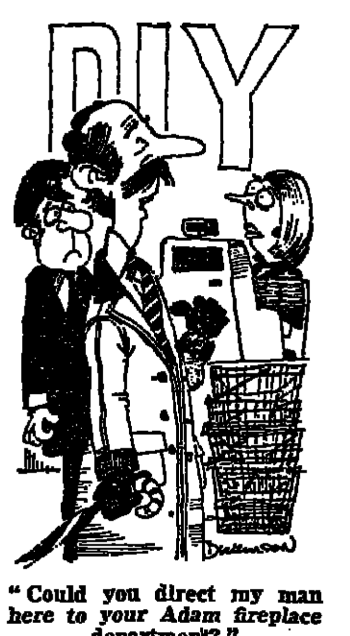
Having a DIY subsidiary has become fashionable—and lucrative—for big conglomerates, which are attracted as much by the property as by the profit forecasts.

Out-of-town sites are increasingly expensive and hard to find and are likely to become more so as car-based shopping secures its key niche in the retail market. Marks and Spencer is known to be looking for land on which to build superstores in the outer suburbs and on industrial estates. Tesco is keen to get a foot in the door in DIY.

Ten years ago most retail spending in Britain was carried out in local stores or in traditional town centre areas. The large commercial sites now a familiar sight on the edges of our big towns and cities, were just starting to appear.

DIY—for years a minority activity—has since become a huge growth industry. Most Britons seem happy to embark on home improvements and are emboldened to take on the most ambitious tasks by a range of tools and materials previously unknown or restricted to the trade.

A key reason for this expansion is the sharp increase in home ownership. The sale of council houses since the return of the Conservatives to power in 1979, and an increased proportion of privately-built homes among new dwellings, has meant a stepping up of demand for everything from wallpaper to cement mixers.



"Could you direct my man here to your Adam fireplace department?"

In 1960, only 42 per cent of homes in Britain were owner-occupied. By 1970, the figure was 50 per cent. This year, according to provisional estimates from Verdict Research, a leading analyst of the retail sector, the total could reach 65 per cent.

People like to improve their homes and have a greater incentive to do so when the bricks and mortar are registered in their own names. The clustering of DIY stores and superstores along suburban arterial roads reflects the pride of owner-occupiers. It also mirrors an increase in employed people's leisure time in recent years and the sharp rise in the cost of professional home services.

Even the rise in unemployment may, perversely, have helped. Lavish home improvements are out of the question for most people without jobs. However, routine maintenance and decoration tend to carry on almost regardless of circumstances. The combination of limited resources and availability of time invariably points the unemployed home owner in the direction of a local DIY shop.

There are about 1,400 out-of-town retail stores in Britain, mainly in the Midlands and the south-east of England. About 500 are DIY stores, of hangar-like construction, with extensive car-parking.

It had been thought by sector observers that the boom years were coming to an end and that the fight in the years ahead would be for market share. However, as yet this theory has little to sustain it. The likelihood appears to be another spurt of openings in the next few years, with market-share battles being fought in parallel. Relaxation of the Sunday trading laws could add to the pressure.

On the sales front, total turnover last year was up 18 per cent, to a little more than £2bn —twice the level for the retail sector as a whole. Sales have doubled since 1980.

The costs of financing are growing, and the risks with them. With a small asset base, Home Charm, for example, lacked the capital it needed to expand as it wished. Ladbroke's approach changed the situation. Mr Seymour Saideman, Home Charm's finance director, says there is still tremendous potential in DIY, but the competition is keener and the necessary resources for expansion can be hard for an independent to find.

In the case of Payless, Marley, the former owner, felt it needed to prune its net borrowings and was happy to achieve the price it did. Ward White was looking for out-of-town sites and is pondering the possibility of using its new premises to boost DIY sales and sales of car parts by its Halfords division.

Meanwhile, City interest in the sector is likely to fade somewhat. With so much ownership concentrated in so few hands, there is little big game left to stalk. Interest is shifting from who owns what to when saturation point will be reached.

Chancellor warned on allowances

By George Graham

THE Institute for Fiscal Studies has issued a last-minute warning to the Chancellor against changing the way married couples are taxed which is expected to be announced in a green paper next Tuesday. The institute said the system of transferable allowances which Mr Lawson foreshadowed in his Budget speech last year would create severe administrative problems and discourage wives from working, as well as benefiting rich couples most.

The IFS, an independent organisation which researches and campaigns on tax affairs, said the present system is in disrepute, but the transferable allowance system would not create independent taxation for husbands and wives. "Its effect is identical, for basic rate taxpayers, to the aggregation of incomes as in the present system."

The Chancellor's preference would be to give everyone—married or single — one tax allowance to use against his or her income, earned or unearned. If individuals could not use all the allowance, they would be able to transfer it to their spouse to use the rest if they wished against their own income. Every couple would therefore receive two allowances to use against any income, whichever partner earned it.

The IFS says that under the scheme couples where both partners work would lose £7.21 a week, while single earner couples, typically where the wife does not work outside the home, would gain £5.51 a week. This could only be avoided by raising allowances all round so that there are no losers, which would cost about £4bn.

Wives would face a strong disincentive to work, and the IFS estimates that 200,000 working married women would leave the labour force if transferability were introduced in a way that would leave the Government's net tax revenues unchanged.

"It is possible that the Government would genuinely like to see fewer married women at work and is willing to use the tax system to achieve this," the institute says. However it argues this would curb economic growth, and adds it is far from obvious that the jobs done by women who might leave the workforce can easily be filled by unemployed men.

Interest rate cut 'necessary for growth targets'

By Our Economics Staff

THE GOVERNMENT risks falling short of its nominal growth targets in the coming financial year unless interest rates are cut immediately after the Budget, according to Simon & Coates, the stockbroking firm. Without this cut, the pound could come under undesirable upward pressure and output from manufacturing and services would be unable to expand to fill the gap in the balance of payments caused by the lower value of oil exports, the firms says in The Economics Analyst, its monthly review.

The 6½ per cent target for money gross domestic product growth in 1986-87 is already likely to be undershot and will be so to a greater extent if the Government does not ease its fiscal stance. A lower exchange rate for sterling is therefore needed and a more relaxed monetary policy may be important if this is to be achieved.

Tebbit in call for programme of radical reform

BY PETER RIDDELL, POLITICAL EDITOR

MR NORMAN TEBBIT, the Conservative Party chairman, yesterday committed the Government to a radical reforming programme up to and beyond the next general election.

Addressing 500 Conservative activists at the party's two-day Central Council meeting in Felixstowe, Suffolk, Mr Tebbit's main theme was that the Government had a lot more to do. He gave the examples of the reform of social security and local government, as wall as privatisation, otherwise he provided few details.

His remarks reflect his own and Mrs Thatcher's view that the Conservatives must go into the next election with a radical manifesto rather than softening the substance or style of the party's programme.

The council meeting yesterday was generaly low key. Significantly, the warmest reception of the day went not to Mr Tebbit, but to Mr Douglas Hurd, the Home Secretary.

In a legthy speech answering calls for a stronger line on law and order he further enhanced his reputation in arguing for an undramatic considered approach to crime.

He said crime would not "be turned back by speeches from me or by sensational measures. It has to be edged back, fought in a calculated manner with a consistent and a coherent strategy."

He indicated that decisions would be taken soon about possible further increases in police manpower.

Earlier Mr Tebbit had argued in his speech that the return f the Conservative Government was necessary "to avoid the horros of another but of socialism — and those of the muddle and confusion of a hung Parliament."

Mr Tebbit stressed that "alongside the new owner-occupiers, the new shareholdesr and the new pension owners will form a massive bulwark against socialism and a great force for stability and order in a society threatened by disorder."

He saw a Conservative government keeping at bay not only socialism but also "the woolly-minded muddle and confusion of the neo-socialists, ex-socialists and half-socialists."

He added that "a radical reforming Conservative government" would help Britain to catch and overtake its competitors abroad.

Mr Tebbit went out of his way in his speech to attack the Social Democrats and to point to the links between its leaders and the 1974-79 Wilson and Callaghan administrations.

He argued that "the leaders of the SDP who were in government then did not solve the problems. They did not even stand and fight. They ran away. They let the Labour government in which they served be defeated by the big union bosses."

In a particularly effective and funny passage, he recalled events from 10 years ago when the Labour government had been defeated on public spending by a group of rebels including the present leader, Mr Neil Kinnock.

In characteristic fashion Mr Tebbit said the Government had rejected the easy path and had defied "the whimper of the defeatist" that it was impossible to halt or reverse the march of socialism.

He decried the view that "the role of Conservative governments was to soften the edges of socialism, not to defeat it."

Howe puts pressure on unionist leaders

BY KEVIN BROWN

SIR GEOFFREY HOWE, the Foreign Secretary, yesterday stepped up the pressure on Unionist laders in Northern Ireland to distance themselves from unconstitutional opposition to the Anglo-Irish Agreement.

Speaking in his Surrey East constituency, Sir Geoffrey warned against a repeat of the one day general strike in the province two weeks ago, which degenerated into violence in many areas.

He warned Unionist leaders: "Let them be in no doubt that the future of the Union, so far from being assured, would only be threatened by intransigence, inflexibility and short-sightedness of that kind."

With threats of further disruption obviously in mind, Sir Geoffrey said attempts to bring down the Agreement by force "cannot and will not be allowed to succeed."

He said those who condoned "bully boy tactics," while at the same time proclaiming their attachment to democratic principles, seriously undermined their own credibility.

"Such behaviour has no place in the British political system and we must all be glad that an increasing number of responsible citizens in Northern Ireland are prepared to say so," he said.

Sir Geoffrey repeated the Government's refusal to suspend the Anglo-Irish Agreement in order to hold round table talks with all the constitutional parties in Northern Ireland.

But he said ministers were willing to establish procedures which would enable Unionist leaders to be consulted about meetings of the Inter Governmental Conference, the centrepiece of the Agreement.

He dismissed unionist claims that the Agreement gave the Irish Republic a veto on Northern Ireland affairs, and that it was a first step to Irish unity.

Sir Geoffrey was also scathing about the theory put forward by Mr Enoch Powell (UUP South Down) that the Agreement was inspired by a US plan to bring a united Ireland into the North Atlantic Treaty Organisation.

Describing this as "sheer fantasy" he said the US Government had not exerted pressure on Britain at any stage during negotiations with the Republic.

"The Anglo-Irish Agreement is the product, not of some transatlantic conspiracy, but of plain, straightforward commonsense," he said.

School vouchers warning

BY KEVIN BROWN

MR CHRIS PATTEN, the Education Minister of State, moved yesterday to dampen speculation that the Government is considering introducing a voucher scheme for schools.

Mr Patten told MPs during an all night Commons debate that a voucher system would be "very difficult, complex, and very costly."

His remarks followed sustained pressure from a group of younger Conservative MPs for greater parental choice in state education.

The two main suggestions being canvassed are for transferable vouchers or tax credits which could be used to pay for education in any public sector school.

Some Conservatives also want school funding to be organised on a simple per capita basis to reward popular schools, even if this required a crash building programme.

Mr Patten told MPs that the education system could not be left wholly exposed to market forces.

BS to pay £1.6m for transfer of shipyard

By Mark Meredith, Scottish Correspondent

BRITISH SHIPBUILDERS is to pay £1.6m in the transfer of the Hall Russell Shipyards of Aberdeen, to a private consortium, Mr Peter Morrison, Minister of State at the Department of Trade and Industry, said yesterday.

In a written reply Mr Morrison confirmed that the warship yard has been sold to Aberdeen Shipbuilders, a locally-based company which recently announced a prospective £5.7m order for the yard.

British Shipbuilders is also to accept responsibility for redundancies among the 700 workforce at the yard. But it has given qualifications to this undertaking.

Hall Russell is the latest of the warship yards to be sold off by British Shipbuilders to the private sector. It is one of the smaller yards and has specialised in fast patrol vessels. At the moment it has no further orders.

The £1.6m British Shipbuilders is to pay out relates to a loan for the construction of a hall on the dock site in Aberdeen.

Yesterday Aberdeen Shipbuilders announced what it called its resene package for the yard. Although paying nothing to British Shipbuilders the consortium has raised £4.5m in share capital and loans to finance the running of the yard.

The agreement was signed in London by Mr Ian Phillip, a chartered accountant who is chairman of Aberdeen Shipbuilders.

Mr Alistair Lambie, formerly deputy managing directo of British Shipbuilders' warship division, is to be the company's chief executive.

The company said its future plans included building warships for export, ship repair work and the extension of offshore engineering services

Mr Phillip said he had an agreement with an unnamed shipowner for the construction of an offshore supply vessel and that work on the ship was expected to start in two months time.

One of the problems which faced Hall Russell was that the Government designated it a warship yard and made it ineligible for financial assistance to civilian shipyards.

There have also been worries in Aberdeen that oil interests might want to take over the valuable dockside location of Hall Russell to build an offshore supply base.

America's Cup challenge wins £3m backing

By Alice Rawsthorn

BRITISH AMERICA'S Cup Challenges has succeeded in raising £3m through the Business Expansion Scheme to finance the British entry in next year's America's Cup yacht race in Australia.

Over recent weeks the market has been saturated by a series of business expansion schemes—under which investors provide launch capital for entrepreneurial companies in return for significant tax advantages.

Several schemes have already failed and others have been forced to extend their deadlines to try to raise the necessary capital.

None the less BACC raised its full subscription of £3m in just four weeks. According to Mr Charles Cary-Elwes, BACC's chairman, all the money was subscribed by private investors.

"Having staged a successful issue we can now pay back our bank borrowings, acquire a base in Australia and move into the second phase—preparing for the race," he said.

BACC has already designed two boats, both with the controversial winged keel pioneered by the Australian entrepreneur, Mr Alan Bond in the winning yacht in the last America's Cup.

The company is seeking sponsorship revenue primarily from blue chip British companies.

British Airways White Horse Whisky and James Capel, the stockbroker, have emerged as sponsors. BACC hopes to generate £2.5m from sponsorship before the race.

John Griffiths on TKM's plans to take over Kenning Motor Group

Acquisitive urge of motor trade's Lazarus

TWICE IN two days Tozer Kemsley and Millbourn, the vehicles and property group given the financial kiss of life by the New Zealand entrepreneur Mr Ron Brierley, has thrown sizable rocks into the British car sales and distribution pool.

On Thursday it announced that, in acquiring an 80 per cent holding in Alfa Romeo (Great Britain), it was taking over from a battle-fatigued Milan parent the long struggle to revive Alfa's dwindling sales in Britain.

Yesterday came the not unexpected attempt by TKM and IEP Finance, another part of Mr Brierley's International Equity group, to acquire Kenning Motor Group, one of Britain's largest retail motor concerns. It has more than two dozen dealerships, the fifth largest car rentals business, a tyre replacement chain and several other motor-related businesses, including some overseas.

The moves by TKM provide a further illustration that the British motor trade—or at least the more alert players—is slowly learning to live with the jungle warfare going on in the new car market through discounts and other incentives which have pared distributors' and retailers' margins to the bone.

Just how thin those margins have become is indicated in a study by Professor Krish Bhaskar, who is in charge of the Motor Industry Research Unit at the University of East Anglia. He estimates that on averag e dealers have been retaining only 2 per cent of their official 17 per cent to 18 per cent margins, with many dealers still making losses.

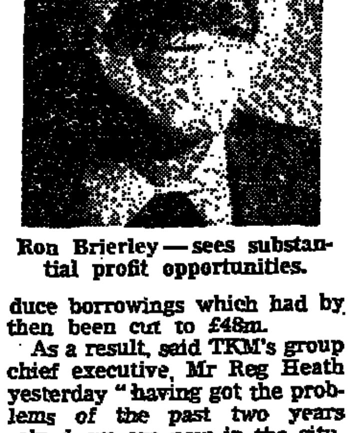
The last consideration also applies to Kenning. The group as a whole is profitable, although profits fell in 1985 by 23.6 per cent to £5.76m. However the UK motors division remains in loss, although this has been much reduced.

Nevertheless, the Appleyard group on Thursday reported higher profits from its retail motor business. Several other large groupings have also per foremd better than Kenning.

It seemed clear that Mr Brierley, through TKM and his IEL companies views the UK motor trade as offering substantial profit opportunities. In that context, attestion will nivitably turn towards the Perry Group, another large UK motors concern in which IEL has raised its stake from 6.5 to 10.23 per cent.

Mr Brierley's ambitions for the sector have made TKM the motor trade's Lazurus. Last June, it was awash in more than £88m worth of borrowings in spite of reporting a pre-tax profit of £5.2m.

IEP Finance stepped in to become its controlling shareholder with 62.5 per cent, on a purchase of 53m new shares for £12.7m. A subsequent £12.6m rights issue at the end of the year was designed further to reduce borrowings which had by then been cut to £48m.



Ron Brierley — sees substantial profit opportunities.

As a result, said TKM's group chief executive, Mr Reg Heath yesterday "having got the problems of the past two years solved, we are now in the situation where we can expand."

TKM's existing vehicles interests include — apart from Alfa Romeo — Wadham Stringer, the BL franchise group, and Cooper, the UK's largest BMW retailer. It also holds the UK and Irish import concession for Daihatsu, the Japanese small car and four-wheel-drive maker, and 40 per cent of MCL, the importers of Mazdas and Polish FSO cars to the UK.

Although TKM has property interests, "we decided that the best way to expand was in something we're good at—motors," said Mr Heath.

Kenning's own broad spread of motor business was seen as almost wholly complementary to TKM. TKM has no rentals or tyres business, for example, while Kenning's import network of around two dozen BL dealers has little geographical conflict with TKM's own. Kenning's is biased towards the north and west of London, TKM's to the south and west.

"Lots of motor traders are now making money, so there is no reason why Kenning shouldn't," Mr Heath observed. "Kenning simply needs better direction, and a stronger management at the top."

Mr Heath was unequivocal about Mr Brierley's intentions —"he has one of the largest companies in New Zealand and Australia and he has ambitions to do in Europe what he has done there. He will develop a portfolio of investments in companies and TKM is the vehicle within this for expansion."

He confirmed that more acquisitions could follow—"we are active and looking at various opportunities not just in the UK but throughout Europe."

It is Mr Brierley's backing which has led TKM to undertake the Alfa Romeo rescue with no apparent qualms (although officially the project is described as a joint venture with the Milan company which retains a 20 per cent stake).

Alfa Romeo UK sales have plunged from a peak of 13,000 to just 3,000 last year. The UK subsidiary had accumulated losses of £21.69m by the end of 1984, and they continued last year. The dealer network has shrunk to about 90. Discounting has been rife, and resale values have plummeted.

But under the deal, Alfa has absorbed the losses. TKM is starting with a clean sheet. By absorbing Alfa's operations within its own facilities, which include large vehicle preparation and distribution sites at Dover and Sheerness, Mr Heath said the absence of large overheads should produce a rapid return to profitability.

A priority is to halt the discounting which has undermined the franchise in the UK, and rebuild the Alfa Romeo image. It will be helped "by some very attractive new products due for launch in the next 18 months," said Mr Heath.

The dealer network is to be expanded again. Mr Heath believes it is this aspect which helps explain, said Mr Heath, why TKM can expect to become a more significant player in the retail motor trade. TKM has some 130 Daihatsu dealers, all constrained by import quotas.

The Daihatsu and Alfa product range do not clash. By dual franchising in appropriate areas both marques can be strengthened.

Ordnance sheds 550 jobs at ammunition factory

BY FIONA THOMPSON

THE ROYAL ORDNANCE is to shed 550 jobs at its Radway Green ammunition factory at Alsager, Cheshire, in the next three to six months.

The cuts are nearly 25 per cent of the 2,335 workforce.

The factory makes small arms ammunition for the standard 762 mm and 556 mm rifles. It receives 95 per cent of its orders from the Ministry of Defence.

The Royal Ordnance is now a private company with the Government as its sole shareholder. It is planned to launch the company on the Stock Exchange in July.

The rationalisation follows an expected cut of a quarter in ministry orders for 1986-87. Of the 550 jobs going 155 are those of temporary employees taken on for a six-month shift to deal with the strong level of ministry orders last year.

Orders have been high in the past two years because stock used in the Falklands was needed to be replaced. A three-year recruiting policy added 700 workers.

When the Government launched the first step in privatisation of the Royal Ordnance factories last year Radway Green lost its "preferred source" status.

This has hit its order books, as has completion of stock replenishment and the ministry's decision to phase out the 762 rifle.

Mr Harry Maw, the personnel manager, said yesterday: "The ministry has made it quite plain that we have to face competition, especially from Belgium and Germany.

"We set up a sales force six months ago and are making every effort to sell abroad."

Property company to run Liverpool garden site

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

THE DISPUTED future of the site of the 1984 Liverpool International Garden Festival was settled yesterday when Transworld Leisure, a London property company, signed a licence to operate it as ornamental gardens and a theme park.

A 149-year lease will be triggered when Transworld has put in £5.5m of capital investment.

Ownership of the site will stay with the Merseyside Development Corporation, a government agency responsible for regenerating Merseyside's redundant dockland.

The corporation reclaimed the site from a rubbish tip and a derelict petrochemical tank complex to stage Britain's most successful tourist event of 1984, which attracted more than 3m visitors.

Total costs for the festival were about £30m and although the festival more than covered its operating costs of £6m it was not expected to pay for reclamation. The rent Transworld will pay will offset that, although the development corporation does not expect to get back all the money it has spent.

Mr Alex Anderson, the MDC's commercial director said yesterday: "A bigger long-term benefit will be in the spin-off economic activity generated by such a major leisure centre on the Liverpool waterfront."

The site was to have passed to Liverpool Council, whose Labour leaders refused to support the festival and then failed to budget to take over the reclaimed 125 acres afterwards.

As a result, the corporation kept the site and has been looking for a developer.

Transworld is spending £3m immediately to reopen the festival gardens for a summer season on May 24, the weekend of the Spring Bank holiday. The national theme gardens — a central part of the festival's attractiveness — have been retained, access to the festival exhibition hall and theatre is to be improved, and rides added to carry people round, as well as to amuse children.

The company is headed by Mr John Anton, a property developer now working full-time on the project. Mr Anton also has plans for a £65m redevelopment of the Wirral resort of New Brighton, which would be lined to the festival gardens by a new ferry across the Mersey.

Transworld said yesterday that the company intended to "come to the market" to raise capital for the developments.

The gardens lie at the south end of Liverpool's old South Docks, with the Albert Dock being developed by Arrowcroft at the other as a waterside complex of shops, offices, flats and museums, including the northern home of the Tate Gallery.

Reed names deputy chief executive

By Tony Jackson

REED INTERNATIONAL, the publishing and paint group, has appointed as deputy chief executive Mr Peter Davis, assistant managing director of Sainsbury.

It is intended that Mr Davis will shortly take the post of chief executive held by Mr Leslie Carpenter, chairman of Reed.

Mr Davis, 44, has been responsible for all Sainsbury's buying and marketing operations.

Mr Carpenter said yesterday: "We are becoming more and more a publishing company, and I wanted a marketing man young and adaptable enough to learn what publishing is about."

Mr Peter Burns, head of Reed's paint and DIY division, and Mr Ronald Segel, head of Reed's US publishing operation, are also joining the Reed board.

The appointments emphasise changes in the shape of Reed, once Britain's biggest papermaker, in recent years.

Mr Carpenter said: "The appointments represent catching up.

Sainsbury announced board changes in the wake of Mr Davis' departure.

Mr Joe Barnes, director of retail operations, is to be assistant managing director retail: Mr Tom Vyner, previously responsible for the grocery division, is to be assistant managing director, buying and marketing: and Mr Keith Worrall, responsible for meat and poultry, is to join the board

Jobs scheme expansion call

By Our Economics Staff

THE Government must not only expand but also uprate the Community Programme if it is to succeed in improving job prospects for the unemployed through work experience, the Unemployment Unit has said in a submission for Tuesday's Budget.

The unit, an independent pressure group, called for an increase in the average wage allowed on the Community Programme job creation scheme, and for a restoration of training to participants.

The Community Programme was set up in 1982 to give experience and training in work of benefit to the community to the long term unemployed, and is now being expanded to provide 230,000

Insurers' association backs Miboc proposals

BY ERIC SHORT

THE Association of British Insurers has changed its mind over its attitude towards the regulation of life assurance salesmen.

In a letter to the Marketing of Investments Board Organising Committee, the Life Insurance Council of the ABI has now confirmed its support to its proposals.

In December, Miboc, the body responsible for the marketing of investment aspect of financial services, set out its proposals for placing life assurance salesmen into two distinct categories—company representatives and independent

Company representatives, whether employees of the life company or self-employed, would only be allowed to sell the products of their own company.

However, Miboc did seek views on a proposal which would have allowed intermediaries to market the products of other life companies without being truly independent.

The ABI, which represents insurance companies, has until now been a strong supporter of this so-called middle ground approach, both before the Miboc proposals were issued and after.

However, Miboc also envisaged independent intermediaries disclosing, in one form or another, to clients the commission earned on a sale, but company representatives would not be required to do so.

Amendments to the Financial Services Bill that would have forced all salesmen to disclose the actual amount of commission were only dropped in the Commons Standing committee after Mr Michael Howard, the Minister of Corporate and Consumer Affairs, referred the matter back to Miboc for further consideration.

Life companies invariably pay high levels of commission to intermediaries at the time of the sale and very low amounts on renewal. They fear that full disclosure of the actual amount would be misinterpreted by the public and result in declining sales.

Now, in its letter to Miboc the ABI says that by having two clear categories of intermediairy, people will be able to indentify the types of representative and the range of products beings sold.

ECONOMIC DIARY

TODAY: Conservative Party central council annual meeting concludes, Felixstowe. Funeral in Stockholm of assassinated Prime Minister of Sweden, Mr Olof Palme.

TOMORROW: Department for National Savings monthly progress report for February. Kuala Lumpur Stock Exchange general meeting on proposed 80m Rinnigt "lifeboat" fund. Opec extraordinary meeting opens, Geneva. French parliamentary elections. Leipzig trade fair opens.

MONDAY: February provincial figures of retail sales. Fourth quarter food facts. South African budget presented. Irish Prime Minister, Mr Garret FitzGerald, meets President Reagan, Washington. FT two-day conference on pensions in 1986 opens, Hotel Inter-Continental, W1.

TUESDAY: Budget Day, January index of output of the production industries. Public sector borrowing requirement for February. EEC Economics and Trade Ministers meet on opening up internal market, Brussels. Philips annual results, Eindhoven. Opec leaders meet non-Opec oil-producing countries, except UK.

WEDNESDAY: January provisional indices for average earnings, employment, hours and unit wages costs. Electrolux results, Stockholm. Det Norske Creditbank annual results, Oslo.

THURSDAY: London sterling certificates of deposit for February. UK banks assets and liabilities and the money stock (mid-February). Fourth-quarter revised figures of capital expenditure by the manufacturing and service industries; and manufacturers' and distributors' stock. CBI/FT survey of distributive trades for end February. EEC Energy Ministers meet in Brussels. European Road Safety Year conference, Kensington Town Hall. Scottish Liberal Party conference, Rothesay. Barristers in England and Wales sue Lord Chancellor over criminal legal aid fees, High Court. Sir Geoffrey Howe, Foreign Secretary, begins three-day visit to Greece. Nato nuclear planning group starts two-day meeting in Wuerzburg, West Germany.

FRIDAY: Fourth-quarter revised figures of gross domestic product. February tax and price index and retail prices index. Sales and orders in the engineering industry for December. Mr George Shultz, US Secretary of State, begins 10-day visit to France, Turkey, Greece and Italy. Jardine Matheson Holdings annual results, Hong Kong. Thyssen annual meeting, Dusseldorf. US February budget statement.

Eric Short on the row over plans to subsidise people who leave company schemes

Widespread anger over Fowler's pensions 'bribe'

THE GOVERNMENT'S pension reforms, as contained in the 1986 Social Security Bill, have met widespread criticism.

One proposal in particular, that extra contributions should be paid to employees taking their own personal pensions, has aroused widespread fury not only from the Opposition but from the pensions industry too.

The bill says employees will have the right to opt out of the State Earnings-Related Pension Scheme (Serps) and their company scheme and take out a personal pension from a life company, unit trust, bank or other approved institution.

The minimum contribution to a personal pension will be equal to the rebate given to employees and employers on their National Insurance contributions if they contract out of Serps.

The actual rebate from April 1988, the starting date of the new scheme, has not yet been fixed, but is expected to be between 5.25 and 5.75 per cent of earnings.

However under clause 3 of the bill, all employees taking out personal pensions will get an extra 2 per cent added to their contributions in the five years from April 1988. This extra contribution will also apply to all new company schemes set up that are contracted-out of Serps.

The additional contribution will be paid from the National Insurance fund, that is from the contributions of employees and employers and from general taxation.

Mr Norman Fowler, the Social Services Secretary, has maintained that these extra payments are incentives for pension arrangements to be contracted out of Serps. However, they will also be paid to employees already in company schemes that are contracted-out of Serps who take personal pensions.

The move is seen by many pensions practitioners as a deliberate attempt by the Government to break up company pension schemes by luring out younger employees.

The Opposition can be expected to attack any moves to alter Serps — the scheme the last Labour government set up. No one is surprised that they refer to the extra contributions as a bribe.

However, when such august bodies as the Institute of Actuaries and the National Association of Pension Funds put out statements which also refer to bribes, then the strength of feeling on the subject can be gauged.

The association estimates that if only 10 per cent of employees in company schemes opt to switch to personal pensions, the annual bill to the NI fund will be about £1bn.

Many pensions practitioners point out that the rebate will mean that good employers who for many years have provided pensions for their employees will now be subsidising those employers who until now have notp rovided adequate pensions for their employees.

Clause 3 has already been dealt with by the standing committee on the bill, with the Opposition failing to make any impact on the Government. So what can the pensions industry do now?

The association is lobbying hard for an amendment to the clause that would restrict the extra rebate to genuine new contracted-out employees—a move that could well cause administrative problems at the Department of Health and Social Security. The Society of Pension Consultants wants either this amendment to be implemented, of the extra rebate paid to all contracted-out pension schemes.

The reactions from the employers' organisations to the extra contribution has not yet been formally made, even though they are the ones who will meet the cost. However, the Confederation of British Industry has severe reservations on many aspects of the bill including the extra contributions and its undermining effect on existing schemes.

It has been consulting its members—a process nearing completion—before taking a public stance and lobbying for changes. Its official reaction can be expected shortly. A lobby headed by the CBI has more chance of securing amendments to policy than the pensions industry has on its own.

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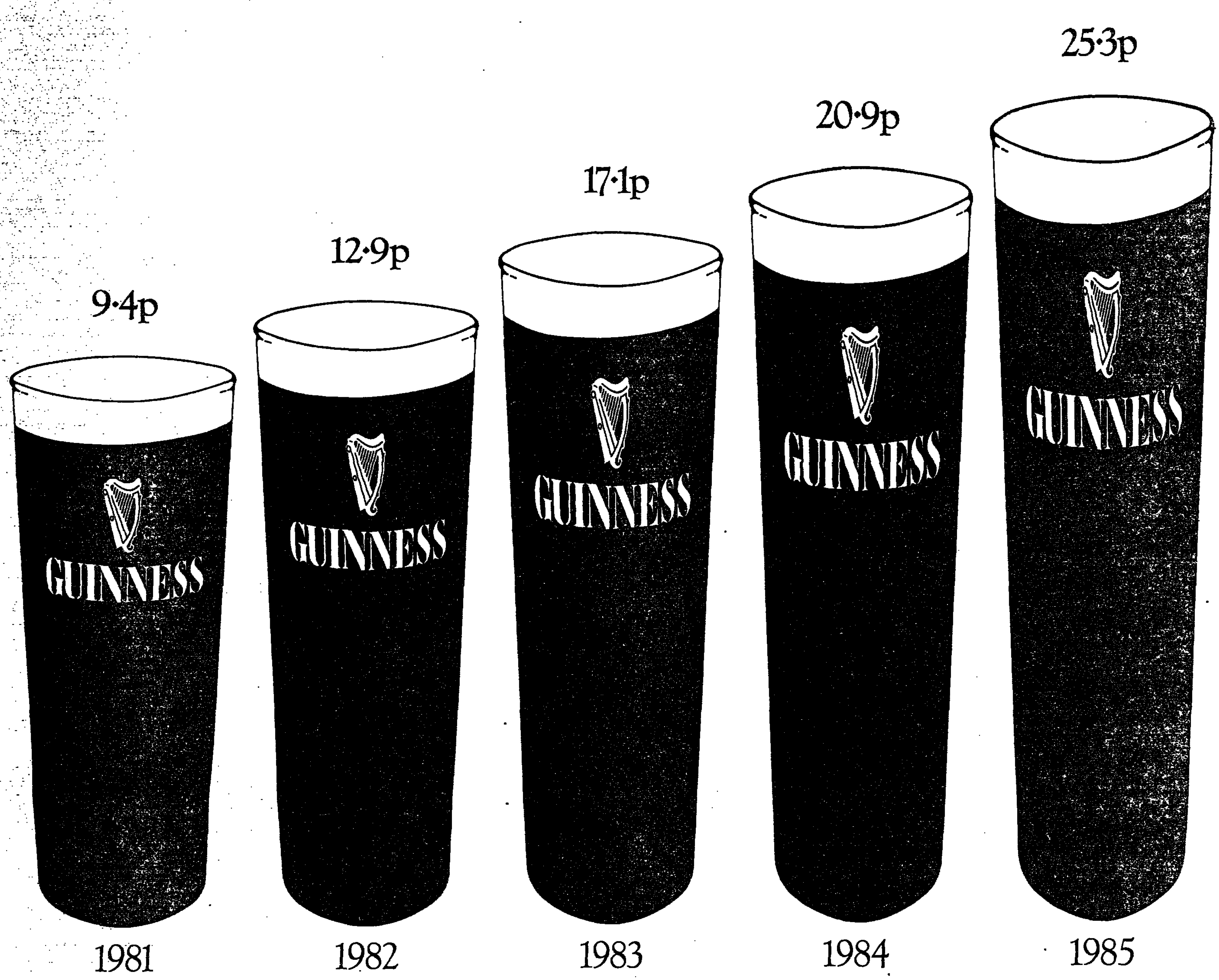

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UK NEWS—LABOUR

David Brindle on attempts to separate unionists

Divide and rule at GCHQ

COMPUTER expert Mr Richard Alexander is losing £3,940 a year because of his refusal to give up his union membership or to transfer from Government Communications Headquarters (GCHQ) to another government department where trade unionism would not be a barrier to the promotion he is due.

Cypher officer Mr Clive Lloyd decided to rejoin his union at GCHQ, tried to return the £1,000 payment he received from the Government when he left it, but had his cheque returned uncashed.

The two men typify the two groups of defiant trade unionists at GCHQ's Cheltenham centre and its out-stations in Britain and overseas. Of the claimed 80 to 85 union members, half are said to be the hard-core remnants of the original union resistance to the ban and half are said to be rejoiners.

Yesterday's move by the Government represents an attempt to drive a wedge between the groups: Mr Alexander can, it seems, remain indefinitely at GCHQ without hope of promotion or foreign posting, but Mr Lloyd has two weeks to again surrender his union membership or face disciplinary action.

The strategy appears to be one of appeasing the GCHQ management, which has been pressing for action by ministers, by choking off the slow but steady trickle of rejoiners and tightening the screw on the unions, but doing this in the way least likely to provoke a backlash.

Those who "broke their word" (as the actions of Mr Lloyd and his fellow rejoiners were officially described yesterday) will be in the firing line, but Mr Alexander and his fellow stalwarts will be left to languish—for as long as their ambitions, their families and their bank managers permit.

A sound enough strategy, on paper. The snag, as ministers are painfully aware, is that the GCHQ saga has persistently demonstrated a tendency to explode in their faces. Last night, the apparent reprieve for the stalwarts was showing distinct signs of causing instability.

From January 25 1984, the day the ban on union membership at GCHQ was announced, the threat of dismissal of those who refused to comply has been implicit—at times, explicit—in government statements.

The estimated 7,000 staff were given until March 1 of that year to complete an option form stating they would resign any union membership and undertake not to join one again, or would seek a transfer on the stated basis they did not wish continued employment at GCHQ.

These who agreed to relinquish the right of union membership (and the overwhelming majority did by the deadline) received a £1,000 taxable ex-gratia payment in recognition of the loss of "certain rights"—notably, the denial of access to industrial tribunals to contest employment matters.

The official government general notice, GN 100/84, said: "Any staff refusing to complete the option form or who, after electing to leave GCHQ, refuse to accept an alternative posting will have their employment terminated from a date to be determined by the (GCHQ) director."

On February 2 1984, in a Commons written answer, Mr Barney Hayhoe, the then Treasury Minister, said: "Any staff in grades to which the mobility obligation applies — executive officer and equivalent levels and above—who refuse to move to an alternative suitable post anywhere in the service will have their employment terminated in accordance with normal procedures."

On the Government's own figures, there remain 31 GCHQ staff who refused to complete their option forms in 1984, four who opted for a transfer and have yet to leave and 19 who have informed the management that they have rejoined unions. No one has been dismissed in the past two years.

The Government clearly hopes that by excising the rejoiners, thereby cutting off the group's growth, the rump will wither in good time. Meanwhile, it can be tolerated as being no real threat to national security — after all, what damage can only 30 or 40 of even the most militant trade unionists inflict on a 7,000-employee establishment?

A question to which the unions will doubtless respond, if and when their case against the ban reaches the European Court: "If national security was the sole criterion, why was our offer of a no-strike deal at GCHQ rejected?"

Cement employers refuse to raise offer

By David Thomas, Labour Staff

CEMENT employers have refused to increase their pay offer in spite of the threat of further industrial action.

Most cement works were affected last month by a one-day strike called after a secret ballot by two unions representing production workers, the General, Municipal and Boilermakers Union and the Transport and General Workers Union.

However, the Cement Makers' Federation, which negotiates for the three companies making almost all of Britain's cement, has declined to increase its offer of 5 per cent on wage rates and allowances.

The employers have also told the unions that the settlement when it is finally agreed, will not be backdated to the date on which it was due—January 1.

The employers have refused a request by the unions to refer the dispute to an independent conciliator or to the conciliation service, Acas.

The unions have withdrawn the threat of an overtime ban and a withdrawal of co-operation. However, they have called a delegate conference for later this month.

It is understood that further days of industrial action are likely to be recommended at this delegate conference, though another ballot of the members would be required first.

Strike disrupts bus services

BY DAVID THOMAS, LABOUR STAFF

MANY of Britain's municipal bus services were disrupted yesterday by a strike by the Transport and General Workers' Union due to be repeated on Monday.

The strike was over the employers' decision to break up national pay bargaining to meet competitive pressures arising from the deregulation of the industry.

In future the employers want negotiations to be conducted by each local authority for its bus operations.

The union believes its members' 39-hour week, pension rights and other conditions will be under threat if local bargaining begins.

The TGWU said yesterday's strike, held after a ballot, was observed by more than half its 10,000 members working for muncipal bus operations. The union claimed a particularly good response in areas such as Scotland, Derby, Nottingham, Colchester and Plymouth.

In a separate development, the National Bus Company is to end national pay bargaining in response to the deregulation and privatisation of the industry.

The NBC says the settlement of 5 per cent it has reached in this pay round will be the last national pay award it negotiates.

Plea to TUC on rights of workers

By David Thomas

THE WHITE COLLAR union, the ASTMS, is urging the TUC to seek to extend workers' rights.

In a submission to next week's TUC consultative conference on employment law the union suggests—as have other unions—that employees should not automatically be deemed to have breached their contracts of employment when they take industrial action.

The union also proposes that a future Labour government should extend collective rights.

It stresses "the right of employees to information and for facilities at places of work, including the right to meet, in working time, to elect representatives with facilities and to have time off for union activities."

The union argues that new rights are needed in the field of union recognition.

It says a framework is needed which will enable unions to compel employers to recognise and deal with them where many of the employees have indicated that they want union representation.

It adds that the recognition provisions of the Employment Protection Act, repealed by this Government, enabled a number of unions to achieve recognition, although the Act's enforcement procedures could be criticised.

The ASTMS also criticises industrial tribunals.

It says excessive "legalism" has developed in their procedures and, so far as unfair dismissals are concerned, some form of arbitration might be considered.

Post workers submit pay claim

BY DAVID THOMAS, LABOUR STAFF

THE Union of Communication Workers has submitted a pay claim for a set of negotiations which may be the last to be held centrally in the Post Office.

The union, the largest in the Post Office, says in its claim for a substantial increase that members' pay increases have fallen more than 10 per cent in real terms since 1930.

The claim also calls for a reduction in the working week on the grounds that the last general reduction in hours for postal workers was in 1965.

Negotiations on the claim are due to start later this month. However, the Post Office has told the unions that after this round of negotiations it intends to decentralise pay bargaining to the separate areas of letters, parcels and counters.

The postal unions are opposed to this change. Mr Alan Tuffin, UCW general secretary, said: "There is no question of us accepting an end to national pay bargaining. This will not be the last year when it happens."

● The average level of basic pay settlements is beginning to drift downwards, according to the quarterly review of pay settlements by Industrial Relations Services, an independent pay research body.

In the three months ending January 1986, settlements averaged 6.1 per cent, compared with 6.5 per cent in the previous quarter, IRS says.

However, IRS also found that 60 per cent of settlements were higher than the previous year.

IRS said: "The CBI's midsummer call for management negotiators to settle for a percentage rise two points lower than in the preceding year has fallen on deaf ears."

Sogat faces new sequestration writ

BY OUR FINANCIAL STAFF

THE PRINT union Sogat '82 faces new proceedings for contempt of court in the High Court on Monday.

Mr Robert Maxwell's Mirror Group Newspapers has sought a writ of sequestration against the union, alleging that it has broken a High Court injunction to end industrial action which has halted production of the Scottish Daily Record.

The Scottish Daily Record has been off the streets since Monday in a continuing row over its future.

The union's £17m assets were already subject to sequestration after it was found guilty of breaking another injunction not to black Mr Rupert Murdoch's papers at wholesalers.

In a separate development yesterday, the National Union of Journalists instructed its 230 members on the Scottish Daily Record and Sunday Mail to withdraw their labour with immediate effect after the NUJ chapel voted by four to one in a secret ballot to strike.

The NUJ says the dispute is over Mr Maxwell's insistence on redundancies on the titles, and his attempts to change working conditions arbitrarily.

The union also seeks written assurances from Mr Maxwell of the continued independence of the Scottish titles.

It believes that Mr Maxwell's long-term aim is to supply the Daily Mirror in Scotland using facsimile transmission, and thus weaken the Record and Mail market.

The NUJ says it has sought negotiation without preconditions for a month. This has been promised by Mr Maxwell, but on the few occasions the company has met union negotiators it has become clear that preconditions remain, the NUJ says.

Move to boost low hospital wages

LEADERS OF 250,000 hospital ancillary workers have agreed with National Health Service management to try to negotiate grade restructuring on the basis of equal pay for work of equal value, to give a boost to lower-paid staff as part of this year's wage round.

THE BUDGET

The long-term unemployed

A hard climb up a narrow golden stairway

Alan Pike investigates the Jobstart and Jobclub pilot schemes run by the MSC

DEEPENING POLITICAL concern about the plight of Britain's 1.3m long-term unemployed recently provoked Conservative MPs on the Commons employment select committee to join Labour members in calling for a £3.3bn job creation programme.

The Government is, however, in practice, moving in a different and more novel direction.

Instead of the large-scale expansion of work opportunities in the building, health and social services sectors advocated by the employment committee, the long-term unemployed are being invited in for a chat at their local Jobcentres. A pilot Jobstart programme of individual counselling and interviewing presently underway in nine test areas is a strong candidate for expansion into a national scheme in the Budget next week.

Compared with £3.3bn in job creation schemes the idea certainly comes cheap. If the project is expanded in the Budget to cover the entire country it will cost £25m to provide one-to-one interviews with everyone who has been out of work for a year or more plus around £50m or £60m more to give those who need it a week or two's basic training to improve their chances of finding employment in the future.

To critics the idea is cheap in another sense — a cheap and inadequate public relations gesture intended to camouflage the failure of Government economic policies to produce jobs for the long-term unemployed.

Manpower Services Commission Jobcentre staff in the pilot areas are, however, reacting enthusiastically. Personal interviewing transforms the 1.3m long-term unemployed from a collection of statistics and files into people. When the faces behind the files appear in the Jobcentres they turn out to have a remarkable variety of reasons for being unemployed and are in need of an equal variety of solutions.

Mr Charles King, pilot project manager at Crawley, Sussex, has learned a lot about why some of his area's long-term unemployed have particular difficulty in finding jobs.

Problems of poor health, people looking after elderly relatives, pending court appearances, language problems and travel difficulties in rural areas where bus services have been cut have all been identified during the interviews. In some households there has been a change of role with hubsands looking after the home and children while their wives work.

"But the general preconceptions — that long-term unemployed are not looking for work or that they are living well on benefits—have not been borne out," he said.

Mr King has not been able to help everyone attending his Jobstart interviews. The Jobcentre system is not ideally equipped to meet the needs of the long-term unemployed opera singer, butterfly breeder and nun who have been among his clients.

But he can help large numbers of people because he has one precious advantage over many other Jobcentre managers —jobs to offer. Crawley has one of the lowest unemployment rates in the country, between 5 and 6 per cent, and a dynamic local economy.

At Billingham in Cleveland, Ms Anne Sanderson is managing another of the pilot projects in an area which has four times Crawley's unemployment rate.

"If we have two good vacancies a week notified to us we are lucky. No matter how exceptional you are, you still have to fight for a job in the north east. We know that some of the people we are interviewing will probably never work again. This is no reflection on them. Those of us conducting the interviews could, but for luck, just as easily be on the other side of the table."

The one-to-one interviews at the Jobcentres can lead in several directions. They have to since, in areas of high unemployment, they will not lead too many people straight into jobs. Many interviewees are offered places on the Community Programme for the long-term unemployed.

Craftsmen whose skills have been overtaken by changes in technology since being made redundant can be sent on updating courses. Advice is also available on the Enterprise Allowance Scheme under which government financial support is provided to those wanting to start their own small businesses —although few long-term unemployed people have the £1,000 which they are required to put in as a personal stake.

Another possible outcome from an interview is the offer of a place in a Jobclub. Jobclubs are for people who do not have jobs. Unemployment clubs might superficially seem a more honest term but would fail to convey the sense of determination to find work which members have to display.

Long-term unemployment is an automatic, massive handicap in the search for jobs. Employers much prefer candidates with recent work records. Jobclub members are told they are unlikely to find jobs simply by applying for advertised vacancies. Most of them do not need to be taught this— they have already discovered it by long experience.

In any case, most vacancies are not advertised. So Jobclub members are encouraged to adopt a much more speculative approach, telephoning or writing to companies and selling themselves as potential employees, tuning into job information grapevines via employed friends and relatives and following up newspaper reports about businesses expanding.

The club provides reference books, telephones and postal facilities. Training is given on how to compile a curriculum vitae, how to complete the job application form and how to handle interviews.

To maintain membership of the Jobclub, unemployed people have to make at least 10 approaches a day to employers in their attempts to find work. Failure is sustained by the celebrations at the club when a meber succeeds in getting a job.

Mr Jim Hart has been attending the Middlesbrough Jobclub regularly for the past eight months. A meticulously maintained file shows he has made 502 job applications in that time. Between 35 per cent and 40 per cent have generated replies from employers, although the precious job offer has yet to materialise. He worked as a compactor driver for ICI at Wilton until 1983 and then spent a year on the Community Programme.

"My trouble is that I'm 55— an awkward age," he admitted. "But I am not ready or willing to retire yet."

At the next table Mr Anthony Nicholson, Mr Raymond Jones and Mr Kevin O'Hara, redundant engineering craftsmen, are not confining their search for work to Middlesbrough or the UK. They have approached employers in Canada, Norway, Denmark and Malaysia.

Another Jobclub member, 50-year-old Mr Ron Holmes, has not worked for 11 years — six as a result of sickness and five unemployed. It takes a powerful combination of determination and optimism to believe, at the age of 50, that you will work again in an area with a 23 per cent unemployment rate.

These qualities are provided not only by the team spirit of the Jobclub members and the dedicated attitude of the Middlesbrough Jobcentre staff but also by quite remarkable statistical evidence that Jobclubs are something of a golden stairway to employment.

Virtually all the 141 long-term unemployed people who have persevered at the Middlesbrough club have found work. Nationally, about 65 per cent of Jobclub clients find jobs — several times the norm for long-term unemployed people seeking to return to the labour market.

Statistical information about the effect of the Jobstart interviews is still in an imprecise state. Out of 9,422 pilot interviews conducted so far, 93 per cent of interviewees have received an offer of some kind.

A total of 19 per cent have been submitted to jobs, 21 per cent to the Community Programme, 28 per cent to training and the remainder to Jobclubs and other initiatives. But it is too early to tell what the permanent take-up rate of any of this activity will be.

It is possible to help the long-term unemployed obtain a fairer share of the available jobs — something which they entirely deserve. But unless long-term unemployment is attacked against a background of falling overall unemployment, the long-term unemployed can re-enter the labour market only at someone else's expense.

Employee share ownership

Time for more incentives

DESPITE ALL the Government's rhetoric surrounding the privatisation programme and existing measures to encourage employees share ownership, the personal sector stubbornly remains a net disinvestor in company securities.

The experience of the policies has been mixed and it is not too surprising to find that the success story among the existing policies to encourage employee share ownership concerns a scheme which is neither available to all employees nor places shares directly into employees' hands. It is the so-called Executive Share Option Schemes introduced in the 1984 Finance Act, which have attracted most attention.

Although introduced less than two years ago there are more of the 1984 schemes in operation than the other schemes taken together. The success of the 1984 schemes shows there is sufficient interest in employee share ownership if the fiscal incentives are attractive enough.

For every company operating at least one of the other employee share schemes there are two operating a 1984 scheme

It is not difficult to see why the 1984 schemes have proved so popular. Unlike the schemes introduced in the 1978 and 1980 Finance Acts, the 1984 schemes do not have to be made available to all employees but can be limited to key employees of the companies' choice.

Options can be granted with a total exercise price of four times salary. They must be exercised between three and 10 years from the date they were granted. When they are exercised, any gains are taxed as capital gains instead of income (providing no other options under the scheme have been exercised within a three-year period).

To take a simple example, in the electronics sector a 10-year option would have a market value of about 62 per cent of the present share price. Taking the four times salary limit, for every £1 earned, an employee would be granted options with a value of approximately £2.50.

On an annual salary of £100,000 this would imply a total value of £250,000 which, since they are taxed as capital gains, is equivalent to £440,000 in income, that is, more than 40 per cent increase in salary.

How can the Government increase the incentives for employees share ownership and reduce the disparity between the treatment of management and other employees? The Wider Share Ownership Council have suggested that 1984 schemes should be restricted to companies that also operate either a 1978 or 1980 scheme. It appears the Chancellor is considering this action.

This will, however, achieve an increase in general employee share ownership at the expense of incentives for management and does nothing to solve the big weakness of the existing legislation, which is that it provides no encouragement for employees to hold shares in the long run.

There are good reasons why employees should not hold shares in their own company unless there is some fiscal encouragement to do so. Most employees will not have a large amount of non-property wealth and if they hold a significant number of shares in their own company they are bundling instead of spreading risks.

More importantly, they are investing in assets with risks that are positively correlated with the risk associated with their future income. This is a poor investment policy and employees will surely require positive discrimination if they are to hold shares in the long run. This is borne out in the patchy evidence on the sale of employee shares.

The Chancellor requires a change in policy which increases short-term incentives and creates a long-term incentive to hold shares. Both these would be achieved if employees were allowed to receive tax-free dividends up to a given limit. Under the present imputation system of corporation tax the tax exemption would have the additional advantage of being in the form of a tax credit.

A limit of £200 worth of dividends exempt from tax would allow a company's workforce to own a significant proportion of their company before they would be eligible for tax (to give two extreme examples the proportion would be around 6 per cent at Beecham and 22 per cent at Vickers) but would not represent a big burden on the Revenue at existing levels of employee share ownership.

Paul Grout

Paul Grout is Professor Elect at the University of Bristol and a research fellow of the Centre for Economic Policy Research.

APPOINTMENTS

Joining H. Ansbacher Holdings board

HENRY ANSBACHER HOLDINGS has appointed Mr Albert Dondelinger and Mr Nicholas Samuelson to the board. Mr Dondelinger, chairman of the executive board of Banque Internationale a Luxembourg, will represent that bank's 10 per cent shareholding interests. From April 1, Mr Samuelson will become executive chairman of Ansbacher's insurance broking subsidiary, Seascope Insurance Holdings, a post currently held by Mr Charles Longbottom, who is a director of both Ansbacher and Seascope, and who will remain chairman of Seascope Insurance Services, the Lloyd's broking subsidiary which concentrates on marine insurance. In addition, Mr Longbottom will remain chairman of Seascope Shipping, shipbroking subsidiary of Ansbacher. Mr Samuelson was previously managing director of Bland Payne UK and latterly group chief executive of Jardine Insurance Brokers.

★

GUEST KEEN AND NETTLEFOLDS has appointed Mr J. Derek Alun-Jones as a non-executive director from April 1. He is managing director and chief executive of Ferranti. Among other appointments, Mr Alun-Jones is a director of Reed International, and Royal Insurance.

★

Mrs Jane Storer has been appointed to the partnership of EVERSHED & TOMKINSON, Birmingham, solicitors, from May 1.

★

Mr Nigel Rawlence has been appointed a director of RUDOLF WOLFF—financial services division and a director of Rudolf Wolff (Options).

★

A new company—AGENT SCREENHIRE — has been launched by Trafalgar House Plant Hire. The board—headed by chairman and managing director Mr Bill Sutton—includes: Mr George Roughly—sales director; Mr Ernie Wardle—director and general manager; Mr Robin Rielly—southern regional director; and Mr Norman Wright—director.

★

Mr A. M. Glick, of Buffalo, New York, has been appointed to the board of THE HAMMERSON PROPERTY AND INVESTMENT CORPORATION as a non-executive director. He has been associated with Hammerson since 1964 and a director of its subsidiary companies in the US for several years. The appointment follows the retirement of Mr D. W. A. Donald and Mr P. F. Barrington.

★

GKN FORGINGS has appointed Mr P. Marsden as plant director of Garringtons, which will become part of the united engineering and forging division of United Engineering Steels in April, upon the formation of the new joint GKN-BSC company. Mr Marsden was general works manager of Garringtons Bromsgrove plant.

★

Mr Mike Farge has been appointed to the board of NORMALAIR-GARRETT.

★

Mr Derek Mather has been appointed non-executive director of TAY HOMES. He is vice-chairman of Croda International.

★

Mr Charles Walker, a director of CHARLES BARKER MSL, has become managing director.

★

Mr Keith Sanders has been appointed sales and marketing director of EDWARD WEBSTER, a member of the Cope Allman Group. He was sales manager of Rockware Glass, and succeeds Mr John Kearley who has retired.

★

Mr Alex Collister has joined TANN-SYNCHRONOME as managing director. He was managing director of Satchwell Control Systems. Mr R. L. Martin, previously chairman and managing director, has retired.

★

SHERING WEIGHING GROUP has appointed Mrs Carol Smith and Mr Steve Bannister to the board, Mrs Smith as administration and marketing director and Mr Bannister as technical director. They also become directors of the group's subsidiary companies. Mr Michael Deeprose has been appointed to the board of Shering Weighing Automation, a subsidiary.

★

BAJ has promoted Mr M. J. Dash to deputy managing director. He was naval systems director.

★

Mr Gordon Grant has joined the INBUCON GROUP as director of manufacturing services, Inbucon Management Consultants.

★

TRUSTHOUSE FORTE HOTELS has appointed Mr Michael Jones to the new role of managing director, development. He will be responsible for the construction and acquisition of new hotels both in the UK and abroad. He was operations director responsible for the Post House and four star provincial hotels.

★

Mr Richard Aston has been appointed managing director and chief executive officer of the Beecham Home Improvements subsidiary, UNIBOND-COPYDEX. He was with Loctite (UK) from 1967 to 1985, where he was managing director of the holding company.

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Budgeting for cheap oil

:VERY Chancellor of the Exchequer finds that he has a iorde of unpaid advisers as each ·udget day approaches; but this ·ear none of them has been ıble to suggest anything terribly xciting which could be done vith the £1bn or so which it is hought Mr Lawson will have to lispense on Tuesday. These days ,1bn is simply not a great deal ·f money — enough to take 1p ·ff income tax, and not much nore than is needed to meet he latest cost over-runs on Jimrod and Trident.

It is true that the recent ·gures *for public borrowing* uggest that revenue may be nore buoyant than anyone has et dared to forecast, and one urprise could be the discovery hat there is a bit more than he round sum to give; but since he oil price is still falling, the ·uoyancy is probably in the ·ast tense.

Small sums need not make a ·ull budget, however: if Mr ·awson rises to the occasion, e should be able to deliver a ascinating budget speech — a ounterpart to the speech which ir Geoffrey Howe conspicuously ailed to make in 1979 or 1980. 'he great rise in oil revenues ·as allowed to arrive almost nremarked, and this was more han an oratorical failure; there ·as no clear policy adjustment o accommodate this enormous mpact on government revenues nd on the balance of payments, so the adjustment was ll borne by the private sector.)il was allowed to crowd out *ther activities.* The unemployed have been paying the uman cost (and the Treasury as been footing the social ecurity bill) *ever since.*

Opportunity

Mr Lawson is an economist, nd has a taste for the ramatic and he must sense a olitical opportunity to take his lace as the senior Minister ·ith a clear strategy while all round him are muddling and pologising. He must also sense hat even if he wanted one of he "muddy solutions" favured by Sir Geoffrey, the ıarkets would punish him. 'hey want to be given new earings for post-oil Britain.

If his advisers agree with the atest analysis from the London ·usiness School, Mr Lawson may ·ell start off by saying that ·hile the Treasury has certain ousekeeping problems, the mpact of cheap oil on the UK conomy *as a whole is far less* ramatic than most comment as suggested. The build-up of oreign *and domestic* capital *·hich has been made possible* y oil income will ensure that he country is still some £4bn r so better off annually even ·hen the oil has run out ompletely.

The "collapse" of oil income nd oil revenue is in any case a ıatter *of perspective.* It will all by half, perhaps, from the very high peak achieved in 1985 (and still coming through to the Treasury thanks to the time lag in tax collection); but revenues had doubled in the previous three years, and everything collected during that short sharp peak is now reflected in UK investments abroad. The LBS, arguing that the market *has* always perceived this peak as temporary, concludes that no change in economic policy is *now required. The* private sector has done it again.

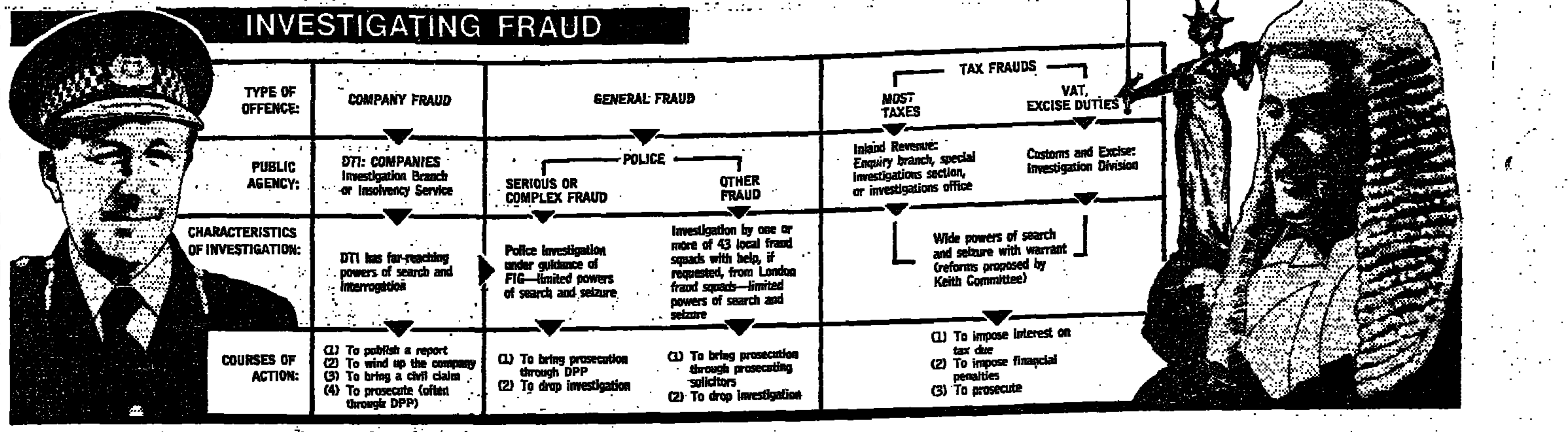
While this is no doubt an extreme view, the private markets *have* indeed responded dramatically. They have marked sterling down to a level when the most efficient companies can compete very profitably in world markets. They have marked up British equities to reflect this, and thus enabled the non-oil sector to get cheaper access to capital. Thus the markets have achieved what a Chancellor of a dirigiste turn of mind might suppose was entirely up to him —*a strategy to substitute new* products for oil.

What Mr Lawson needs to do is to say how he plans to assist and *smooth this process, which* will be the national economic objective for several years to come. The tax regime is part of *this strategy, but probably* not the major part. The real question is not how fast Mr Lawson can cut the total tax burden, where we already know the broad answers, but whether he is allowed to make significant progress towards his declared aim of neutrality—a system which does not distort the decisions of a free market. The Government's confusions may leave him in a stronger personal position.

Industrialists increasingly argue, though, that what matters to them is not so much the tax environment as the financial environment; and they are also becoming more vocal about social issues. They would, to judge from their public statements, welcome a stable exchange rate, help for the unemployed, and lower interest rates in roughly that order, with tax cuts far behind.

What the Chancellor has to say about the European Monetary System, and perhaps about US pressure for international stabilisation, what he has to say about domestic monetary policy, and what he is able to do for the young and the long-term unemployed, will probably determine whether his Budget is welcomed *at Centre* Point, where British industrialists survey the scene, and in the City.

His biggest dilemma may be not so much to balance his fiscal sums as how best to balance these demands, which he has it *partly in his power to satisfy,* with the demands of the party managers for the purchase of some sorely needed votes in *time for the* local elections and a small wave of by-elections.



In search of fresh paths through the fraud jungle

By Clive Wolman

IF YOU have been defrauded and want to get your money back, don't go to the police — that is what they tell you in the City of London.

Most UK companies have traditionally been reluctant to call in the police or the Department of Trade and Industry's (DTI) companies investigation branch, in contrast to their US counterparts. *To report employee frauds,* which account for about three-quarters of the total, is considered to be washing one's *dirty linen in public and may* reflect badly on the company's vetting procedures and internal controls.

Companies also believe that a police investigation into a complex case will devour hours of management time. The chances of tracking down and convicting the fraudsters are *tiny,* they say, and those of retrieving the stolen assets even less. As a result, fidelity (employee fraud) insurers estimate that the proportion of big frauds in the City which are reported to the police is only between 30 and 50 per cent.

A survey of senior executives of large companies, sponsored by the Home Office, Police Foundation and accountants Arthur Young and published earlier this week, found that confidence in the competence of the police and the DTI to tackle complex cases was not high. Many felt that the police would take on a case only if the company had already made a thorough investigation and could present a clear picture of what had happened. Lack of police resources was partly to blame.

According to Mr Eric Ellen, director of the International Maritime Bureau, the investigation arm of the International Chamber of Commerce: "Law enforcement has to reassess itself to take into account the needs of commerce."

There are two approaches to reforming the system for investigating and *deterring* fraudsters. One was suggested by the Roskill committee's report on fraud, published in January. It criticised the lack of training and expertise of police in the fraud squads and the poor coordination between different *public agencies involved* in investigations. It proposed a unified national fraud squad, embracing the 43 local police *forces and the investigation* sections of the DTI, Customs and Excise and the Inland Revenue.

The other approach is to *bypass the police forces and* encourage the use of other agencies to collect the disseminate information about frauds *and fraudsters and concentrate* on tracing assets.

The Roskill committee found that the average length of postingof a police officer to the fraud equad was only three years; a long stay was often regarded as damaging to an officer's career prospects. As a result, policemen fail to build up experience and often a fraud *investigation* lasting several years is marred by a series of staff changes.

The lack of police expertise is the despair of company directors and company liquidators who discover a fraud. They often have to spend several days explaining the commercial background and making statements to an often unsympathetic audience.

A unified national fraud squad would create sufficient promotion opportunities to enable it to offer a career to police officers. However, it would turn upside down the reforms introduced by Sir Robert Mark, the Metropolitan Police Commissioner in the 1970s. In response to allegations of elitism and corruption, he took tough action to strip the Criminal Investigation Department, including the fraud squad, of its autonomy.

But such a reform would undermine the de-centralised structure of the police force even more than the recent moves to create regional crime and drug squads. And a national fraud unit would also find it difficult to dovetail the interests of different government departments.

Some hope that the Fraud Investigation Group, introduced on a permanent basis a year ago to co-ordinate and guide major police investigations, will form the nucleus of a unified force. After dealing with 35 cases in 1985, FIG is being allocated *additional accountants* and lawyers to boost its professional staff to about 30. It can also call on a panel of *accountants in private practice.*

Before the introduction of FIG, the police had to go through the cumbersome and *expensive procedure of turning* to outside accountants and lawyers for advice. In practice, they often pursued investiga*tions without professional guid*ance and ended up in blind alleys with little prospect of a successful prosecution.

Fig and the accountants' panel have been moderately successful in guiding and speeding up investigations and *overcoming* the police's suspicion of professional advisers. FIG has yet to make a big public impact, but *is planning to bring what it expects will be a well-publicised* fraud prosecution against some of the directors of Budget Holidays, a travel company that went into liquidation 18 months ago.

Mr D. Williams, assistant controller of FIG, is opposed to *extending* the concept to a national fraud unit. "It is a more radical solution than the police would be prepared to accept," he says. "A separate career structure would be regarded as an unjustified luxury."

A highly centralised fraud investigation unit would also be more vulnerable to political pressure, or at least more subtle "establishment" pressure not to rock the boat. The wide discretion given to the Director of Public Prosecutions has often fostered suspicion about the sometimes allegedly political reasons behind his decisions on whether to prosecute.

At least the present system creates a strong lobby in favour of prosecution, namely the investigating police officers, *whom the DPP may find hard* to resist in clear-cut cases. But if top civil servants can decide not only whether to prosecute but also whether to investigate, the damning evidence might never be collected.

According to Dr Michael Levi, a Cardiff University criminologist who carried out the Home Office-Arthur Young survey: "The police are a populist institution. They like nicking villains, while the DPP's role often seems to be to stop them. Under centralised control, things could be 'fixed' more easily."

Police investigations would also be more effective if the rules of evidence and procedure in fraud trials were relaxed, as the Roskill Committee proposed. In particular, the police are hampered in gathering evidence *of fraud from overseas.* Officials from the Commonwealth countries last month negotiated a *mutual judicial assistance treaty* which their law officers are expected to ratify in the summer. This would facilitate *the searching* and seizure of evidence overseas and the interviewing of witnesses.

The UK has always been a laggard in *promoting* international agreements. It turned down the offer of a treaty with Switzerland a few years ago and has less power to investigate fraud involving some of its own dependencies, for example the Cayman Islands, than has the US.

If the potential for improving police investigation of fraud is limited, there are several other groups whose expertise might be exploited more *efficiently.* In response to the collapse of Johnson Matthey Bankers in 1984, the Government has proposed *that auditors of banks and finan*cial service companies should have greater responsibility to seek out fraud and to report *their suspicions* to the regulatory authorities.

The accountants' professional bodies have protested that the additional obligations will transform, and damage, their relationships with corporate clients, and not just financial service companies. They say that other regulators, for example of the pharmaceutical or civil aviation and travel industries, will soon be demanding the same auditing information as their financial service counterparts.

But in cases where top executives are implicated, it could often be less embarrassing for the auditor to make a confidential report to the supervisory authority than to blow the whistle in public by telling the shareholders. In any case, the threat of negligence suits has already forced auditors to *seek out and report on fraud* much more thoroughly over the last 10 years.

The third option, to tell the *non-executive directors, is often* ineffective. In the case of a property company, Gilgate Holdings, nine years ago, two non*executive directors, a former* Conservative minister Lord Mancroft and a former accountant, both decided to resign when the auditors, in a separate meeting, informed them of a fraud involving the other directors. Although the auditors suggested that they stay on and tackle the other directors, they resigned without making public their reasons.

Tougher obligations have been imposed on non-executive directors by last year's Insolvency Act. But the accountants believe that the most effective device would be for public companies *to appoint a specific* non-executive director, or audit committee, to whom they could report cases of suspected fraud.

The new regulatory structure in the City now being defined by parliament in the Financial Services Bill will encourage alternative methods of cracking down on fraudsters apart from relying on the rigours of the criminal law.

One of the City's greatest strengths as a centre of finance has traditionally been the ability of its leading actors to rely on informal networks of contacts *to freeze* out those *suspected of acting dishonestly.* Several merchant banks retain black lists of broking firms with whom their employees are for*bidden to deal.*

The Stock Exchange also has a quaint way of checking on dubious individuals. Whenever *an employee leaves a Stock* Exchange firm, a form has to be signed by the firm which says that the employee is leav*ing with the firm's* "best wishes." The firm has the option of deleting that phrase. If it does, Exchange officials are soon knocking on its door to find out why.

The influx of outsiders to the Stock Exchange this year and the tougher competition are undermining the effectiveness of these networks.

Many difficulties would be avoided if companies disclosed more in their references about dubious employees and if the new employers were prepared to investigate the references.

The draft business rules of the Securities and Investments Board, the central City regulatory authority, require investment firms to report to it all cases of employee and client frauds and breakdowns of internal control systems where investors have suffered.

SIB would be empowered to ban individuals from working *in securities and investment* firms and to draw up a blacklist which would be made publicly available. However, *neither SIB nor any of the self*-regulatory organisations under its control are expected actively to encourage those working in *the City, particularly employees,* to volunteer information an an informal basis about suspicious deals and other activities they notice.

According to one official: "The City would not like it if we encouraged employees to '*knark' on their employers. It* would be irresponsible to encourage tale-telling."

Yet many, particularly those *in the insurance industry, which* has suffered mounting claims in recent years on fidelity policies, are pressing for a confi*dential reporting* channel to be set up.

The agency would sift through the reports and initiate investi*gations with the main aim of* recovering the stolen assets rather than prosecuting the criminals. It would also alert firms about undesirable clients, suppliers and employees. The police are unable to release information gleaned from fraud investiga*tions, even to potential victims.*

The theory behind the proposal is that most complex City frauds require at least the *passive and unwitting assistance* of others, whether they be telex operators or brokers. There is thus a vast amount of intelligence available if only some central agency could gather it.

The International Maritime Bureau plays such a role but *primarily for maritime fraud.*

Mr Julian Radcliffe, a director of insurance brokers Hogg Robinson, has submitted *a detailed proposal to the Bank* of England and the SIB for setting up a non-profit-making but independent commercial crime agency. "*We need to get* the experts together in a centralised body with establishment credibility," he says.

The organisation would be financed by retainers from the major financial institutions and self-regulatory organisations and possibly by a levy on fraud insurance premiums. In addition, companies could commission investigations for which they would pay.

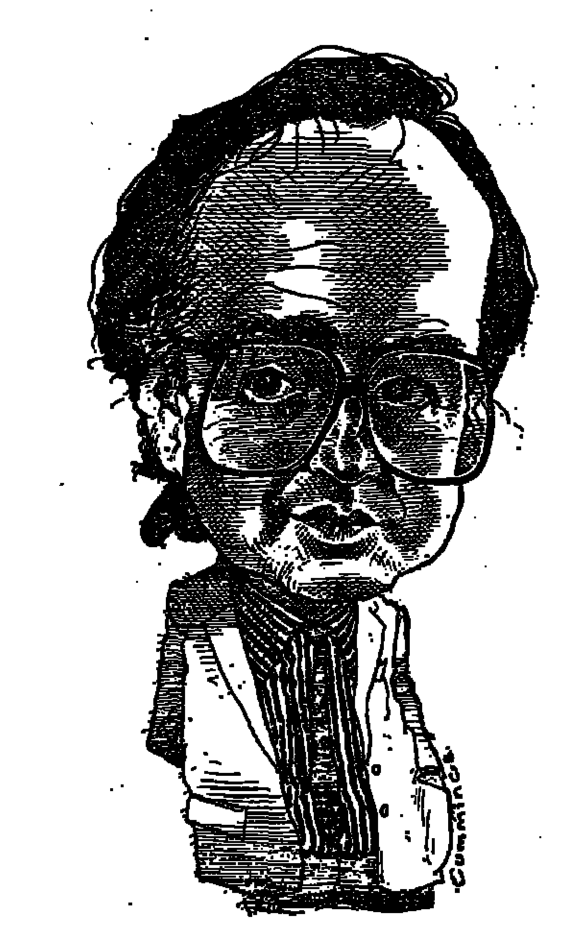
The effectiveness of such an organisation would depend, however, partly on companies' willingness to feed, and not just to take, information into the databank, from which their competitors would benefit. The experience of similar attempts to encourage the pooling of information on malpractice, for example in the field of hire purchase and counterfeiting, is not encouraging.

Man in the News

Michael Howard

Efficient but not one of the boys

By Nick Bunker



IALF-WAY between Swansea nd Llanelli stands the small Velsh town of Gorseinon. 'here, in 1956, Michael Howard ·ecame a Conservative. The ·uez crisis was at its height, nd he felt that Britain had an xcellent case for invading ·gypt. "I remember being oost disappointed when we ·ithdrew," he says.

Thirty years later, Mr Michael ·Ioward, 44, has grown up ·olitically and professionally. A uccessful Queen's Counsel, he ·eard yesterday that he has ·een *appointed a recorder, or* ·art-time judge.

He has also for the last seven ıonths been Parliamentary *Jnder-Secretary of State at the*)epartment of Trade and ndustry. As such he is responible for steering through Pariament the Bill that will light he touchpaper for the regulaory aspects of the City's "Big 3ang."

For the last six weeks or so, ·eneath a portrait of Mr Gladtone and his Cabinet, Mr ·Ioward has laboured with the 'inancial Services Bill. It is ·uite a task for someone who ·as been an MP only since 1983, ·hen he won the safe Tory seat ·f Folkestone and Hythe. His ack of experience has someimes showed in his bursts of rritation at the excesses of his ·wn backbenchers.

He has, however, pushed the 3ill through more rapidly than nost people expected, if at the ost of a mini rebellion, ·hich won statutory recognition or the proposed Securities and nvestments Board — a move nany see as dangerously American in its implications. He has lso had to make other, more ninor concessions. On the whole ıe is emerging from the comıittee procedure with an ·nhanced reputation for efficient ·rocess, even if his colleagues ·ave *not exactly* warmed to his ·erformance.

Mr Howard has also exasperated several of his back·enchers by *putting them down* oo readily in debate—and the ·onservative side of the standng committee has observably ost some of its *cohesion* as a ·esult.

To the MPs most closely nvolved in the Bill and to the City of London he remains an ambiguous figure. As one Tory backbencher put it quizzically: "He's pretty right-wing, isn't he?

"I suspect he hasn't got the City in his bones," *says one* Labour opponent. "He treats the Bill as a logical problem with a logical solution—which in his case is a pretty *bizarre* solution. Investor protection is about saving investors from some pretty nasty people—and Howard treats it like a Chancery brief."

Asked to define his political stance, Mr Howard refers vaguely to Iain Macleod, the charismatic Conservative who died in 1970 after only a few months as Chancellor. Mr Macleod was generally thought of as being left of centre, Mr Howard describes himself as "an enthusiastic supporter of Mrs Thatcher."

Among his closest political friends are David Mellor, a Home Office junior minister and another Cambridge educated lawyer, and Mr Norman Lamont, a defence minister (Mr Howard was best man at his wedding).

A better clue to Mr Howard's political character lies, perhaps, *in his background — South* Wales grammar school and the bar. The son of a shopkeeper who sold womens' fashions, Mr Howard was the first member of his family to go to university. Cambridge won him a lower second in economics and law.

He remains an advocate of grammar schools; which he sees as "the great avenue of social mobility." He cites the extension of share ownership as a major achievement of the Thatcher Governments, because it economically enfranchises people from his own background. In turn, wider share ownership, he says, requires clearer investor protection of the type the Financial Services Bill aims to provide.

There is no doubting, though, his skill as a lawyer or his financial success. His underwriting membership of the Lloyd's insurance market is evidence of the latter. Fellow QCs are not surprised by the speed with which he has mastered the *Bill.*

Mr Howard took his share of criminal cases after being called to the bar in 1964, but *moved on to specialise first in* industrial tribunals and then in planning and administrative law. In the meantime, he had fought and lost for the Conservatives two general elections in Liverpool, in 1966 and 1970, and been chairman of the Bow Group, which he regards as "free market in economic terms but liberal on social issues."

In the early 1980s, he represented the Countryside Commission at the Okehampton by-pass planning inquiry. He went on to spend two years appearing for the Nuclear Installations inspectorate at the long inquiry into the Sizewell B nuclear reactor. "Barristers had to read, comprehend and translate into simple language colossal amounts of technical material," says another barrister involved in the case. "He did it extremely well."

Clever lawyers, however, are not always popular or successful in parliament. In the words of a Labour opponent: "He's at his best when he is arguing his case like a barrister. He is at his worst when he is trying too hard to be a minister and sticking to his brief."

This tendency may derive from his simple lack of parliamentary experience. Before getting his present post, he had only been parliamentary private secretary to the Solicitor-General, helping pilot through the House legal measures such as the Administration of Justice Bill. Or as one Conservative MP puts it: "He's not one of us. He's not one of the boys."

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Alternative Budgets

Ahead of next week's economic statement **Maurice Peston** and **Patrick Minford** set out two widely differing strategies for Mr Lawson

'If I were Chancellor on Tuesday . . .'

Maurice Peston

PRETTY WELL everybody believes that the Budget statement next week will be irrelevant both to the immediate need to start to restore full employment, and to the most important objective, the reversal of our industrial decline. Instead it is likely to restore the Government's political fortunes, and, if possible, to prepare the ground for a vote-winning budget next year.

Curiously, everybody (except the Prime Minister, the Chancellor, and one or two of their friends) also agrees on the nature of the policy interventions that are required. There are disagreements on matters of degree, but very little now on principle. In particular, the overwhelming majority of informed opinion is convinced that the Chancellor can and should do something about actual unemployment.

The components of any package are clear cut:

- Some increase in current public expenditure including public sector employment.
- Some increase in public sector investment.
- Tax cuts or transfer payments to be concentrated on the poor.
- Increased incentives to the private sector built around a reduction in employers' national insurance contributions.
- A plan for incomes and a financial strategy which allows the interest rate to fall somewhat, together with a more competitive exchange rate target.

There is considerable room for debate on which of these components should take priority, in general and in this *year in particular.* I would initially give more weight than most to current expenditure in the public sector. But once expansion gets going, I would concentrate efforts on reinforcing the private sector response. I would also give little priority now to direct tax cuts, except those required to maintain the various allowances in real temrs. It also makes sense to raise the excise duties by considerably more than the inflation rate, but that is for social rather than economic purposes.

More generally, there are reasonable disagreements on how much can be risked on the side of expansion. My own view is that policy needs to add something like 1.5 per cent net per annum to the level of economic activity (as measured by gross domestic product) for each of the next few years. This will involve some increase in the budget deficit, but not to an unmanageable degree. It should be borne in mond that with incomes growing faster it will be necessary to allow the money supply to grow more rapidly. The terms on which the remaining borrowing will be undertaken depend more on interest rates internationally than on purely domestic considerations.

From most points of view the required intervention should be more powerful still, but there are two constraints to bear in mind. One is the supply elasticity of the private sector. But if the CBI surveys are to be believed, the private sector will respond positively to added demand, especially if real mosts are reduced by cutting the tax on hiring labour.

A second constraint is panic in the City of London. It is extraordinary how volatile financial opinion and behaviour is, given existing policy which is meant to please the bankers and foreign exchange dealers. A more sensible policy of expansion to aid industry and employment would supposedly lead to mass hysteria, benefiting only speculators and psychoanalysts.

Expansion should be accompanied by a temporary freeze on nominal incomes of all kinds

If the City insists on behaving stupidly, that should not cause the Chancellor to follow suit. Since expansionary policies make sense, he should stick to them. There may be a flight from sterling causing a temporary downward overshoot, but most of the funds will return. They would be even more likely to do so if a differential tax on overseas investment is introduced. At the moment this is regarded as a party political matter, but it clearly is an extremely sensible policy instrument.

An important question is whether the time has come to join the European Monetary System. If Mrs Thatcher's government were to join the system in its present condition, it would reflect largely a desire to reinforce her anti-inflationary policy on matter what the consequences. It would also be to accept West German leadership in determining our economic future.

There is, however, a different case for joining, and one which I accept, although it is not appdicable now. For the system to work at all satisfactorily two conditions must be met. One is a considerable increase in financial co-operation between the members, especially in the use of their joint reserves. The second is policy convergence in a sensible direction, ie in favour of expansion, and not what we see at the moment, a continued dominance of inflation fears. Since there is no likelihood of any of this, and regrettably I would not recommend joining this year.

The Budget is a time for tax reform. The Chancellor is courageous to raise some sensitive issues in his forthcoming Green Paper. My own view is that the tax system should be sexually neutral in the sense that it should not depend on whether income is earned by men or women. But I also believe that the family should continue to be recognised as the relevant tax unit, and, therefore, that total family income should be aggregated for tax purposes.

The biggest problem of all concerns incomes. There is an income policy in the public sector, but it is ad hoc and without rational foundation. It leads to such lunacies as the teachers' strikes which could easily have been avoided.

Obviously, a serious and permanent method is needed to set the scene for nominal income determination each year. If it were possible to believe that the Government's economic experiments had solved the inflation problem, no such policy would be needed. But all that the Government has achieved is to create a massive pool of unemployment, and to show how it is possible to run the economy at a low degree of capacity utilisation for long periods. In other words, an allegedly monetarist experiment has confirmed the correctness of Keynesianism. (I must add that, to my surprise, it tended to validate naive Keynesianism rather more that its more sophisticated versions).

Since we remain an inflation prone economy, rapid expansion alone is dangerous. A policy for incomes in the private sector to be agreed by all sections of industry and commerce remains the most important task for government. I do not believe the conventional wisdom that incomes policy has always failed. Quite the contrary, it has always succeeded. What is necessary is for the Chancellor to re-enter that intellectual battle and win it.

Of course, if I were advising a Chancellor I would want to go further. What is needed to accompany any expansionary budget is a temporary freeze on nominal incomes of all kinds, together with an excess profits tax to offset any untoward movements towards deferred non-wage incomes. I appreciate, however, that much as such a freeze would be of immense benefit to all workers (even the apparent losers would have their positions more than restored within a year or so), all the politicians I know would regard it as deadly dangerous.

Maurice Peston

The author is Professor of Economics at Queen Mary College, London.

Patrick Minford

WHAT THE Chancellor must do in his Budget is on the face of it impossible. He must both restore confidence in the soundness of monetary and fiscal policy and give further impetus *to supply-side policy—liberalising* markets from government intervention, including high taxes.

But is it really impossible? I don't think so. Mrs Thatcher, the Prime Minister, has shown us that step-by-step policies work, building up momentum as favourable results come and consolidating public opinion for the next shove. The classic example is trade union law reform, but there are many others — privatisation, social security, and now probably also secondary education. So Nigel Lawson must think about the next key steps in his parallel monetary and supply-side strategies.

Monetary strategy is in a mess. That is shown by the fact that we have 12 per cent short-term interest rates when inflation is due to fall to 4 per cent or below; a real interest rate of 8 per cent or more. West Germany by contrast has a real interest rate of around 4 per cent and there are similar rates elsewhere in the major economies belonging to the Organisation for Economic Co-operation and Development.

Why are our real interest rates double those elsewhere? Partly because monetary policy has been too tight, in the technical sense that the target for MO, the monetary base, has been undershot for much of the past six months. Partly because *there has been a lack of confidence* about future monetary policy, with fears about public overspending combined with falling oil revenues; markets rightly perceive a close link between rising public borrowing needs and pressures to expand money as one easy form of finance.

Nigel Lawson has been his own worst enemy in this situation. Instead of reiterating his commitment to containing *public expenditure and to sticking* with the MO target, he has made many ambiguous public pronouncements about monetary policy, appeared flexible on public expenditure at times for political reasons, and floated the EMS kite as an alternative monetary framework, just when we most needed a reiteration of the one we had.

So the Budget speech must underline the end of the EMS rumours recently scotched by the Prime Minister; "little MO" must be confirmed as the primary goddess of the monetary scene. The Budget must also emphasise the new success in curbing public spending, which will fall this year in real terms for the first time under this government and appears to be running on target in cash terms; longer term reforms are also in hand, such as SERPS, rates and secondary education. He can use these trends as a justification for including asset sales as net revenue, available to finance tax cuts.

His other net revenues will not be down as much as was feared before the January Public Sector Borrowing Requirement figures. Oil revenues will fall short by some £6bn from the last budget's projection (virtually all of it a loss to the Exchequer, between £1bn and £2bn only a short-term loss to the UK economy). But the halving of oil prices will add half a per cent to growth in 1986, bringing in another £1bn in non-oil revenues. Add to this the unlooked-for January buoyancy in the revenue season, indicating perhaps as much as a £3bn overfulfilment of the 1985 budget's forecasts.

A cautious PSBR target of £7½bn looks about right in this confidence - building exercise. The PSBR target will then be clearly falling in money terms and as a function of GDP; this year's PSBR undershoot to *perhaps £6bn will strengthen this* favourable impression.

Now we come to the hard bit. All this caution implies that the Chancellor only has £1½bn of his original £3½bn for tax cuts. Of course, the oil price fall will be cutting indirect taxes by nearly £5bn, and the Chancellor will rightly take credit for having helped to make that possible by holding public spending to its original 1986-87 cash targets and presiding over a buoyant economy. Add all these tax cuts up and they come to at least £6bn in 1986-87. But how can the Chancellor give that impetus to the supply side?

The way to attack the unemployment trap is to raise tax thresholds by more than inflation

First, by letting the oil price fall feed through into the economy and not offsetting it by raising oil taxes more than inflation. The energy price is a key input cost whose fall will raise profits and increase employment.

Second, he should raise general indirect taxes more than inflation, clawing back some of the fall in these taxes so that he can give it back in a more efficient way through falls in direct taxes. It is a pity that a general extension of the value-added tax base was killed off last year by pressure groups, that would have been a good way to do it. But one area that could still be brought in is financial services value-added; in particular, the cartel profits earned by the Big Five clearing banks on their retail banking must be a prime target for revenue. Perhaps £0.5bn could come from these sources, sweetened by a desirable fall in stamp duty to ½ per cent on financial transactions and costing £0.2bn. Another £0.8bn could be raised by pushing non-oil excise duties up ahead of inflation (with a ⅓ per cent effect on the Retail Prices Index).

We have now garnered £2.5bn for direct tax cuts. But some of this will be needed to expand the Youth Training Scheme and the community jobs programmes. These need to be used as "job guarantee" (or "*workfare*") *schemes* and directed at unemployment black spots. But anyone failing to take one of these places if offered one should forfeit Supplementary Benefit: This would introduce an effective "work test" for receipt of benefit. Used this way these programmes can be useful by putting downward pressure on wages

So the Chancellor could have a little over £2bn left and this (allowing for the indirect effects on activity and revenue) would be enough to raise thresholds by 15 per cent more than inflation; this is still the best (simple) way to attack the unemployment trap (even though the reformed Family Support relates to net and not gross income, many people in the trap do not receive it). The Chancellor will announce a proposed transferable single allowance which, when in operation, will further alleviate the trap (against this imposing a 30 per cent marginal tax rate on female participation will create ony minor disincentives).

His Green Paper should also presage a computerised integration of tax, National Insurance and benefit systems, with provision for putting a ceiling on benefit-to-income ratios; it may not, but this must come and when it does it will be the most important supply-side step the Government has undertaken (and a genuine return to Beveridge). The Green Paper will certainly not contain the aim of turning income tax into an expenditure tax; but that too will eventually come and by making all savings tax-free will finally lay to rest the nonsense of tax discrimination in favour of certain savings (notably pension funds).

With all this, two more planks would have been laid across the marshy and treacherous terrain still to be trodden by Mrs Thatcher's reforming team. And the Chancellor will have consolidated his place in that reforming history.

Patrick Minford

The author is Professor of Economics at the University of Liverpool.

Profit-sharing in cash

From Dr S. Wadhwani

Sir,—Samuel Brittan (March 6) argues that immediate legislative action is needed to extend existing tax concessions on employees' shares to profit-sharing in cash. I wonder whether he underestimates the degree to which the extension could be misused.

Many of those to whom I have spoken in industry tell me that the main result of this would be the creation of purely cosmetic "profit - sharing" schemes. Workers and management would first get together and agree on the total remuneration of the worker, just as they agree on a wage at present. Having done so, they would then use an estimate of profits in the coming year (which, say, in the middle of a financial year, can be fairly accurate) in order to decide what proportion of the remuneration *would be called* "profit-sharing" income. The workers would clearly be better off under this arrangement, for they would pay less tax. The firm could also be made better off if the workers then agreed to accept a lower level of pre-tax remuneration. The Government however, would lose a lot of revenue, e.g., if 10m workers were paid an average of £2,500 per annum as profit-sharing income, the loss in tax revenue (assuming the basic rate of income tax) would be £7.5bn.

So are there any offsetting advantages to justify such an expensive scheme? It is unlikely that the above system will have any stagflation—resisting properties. If firms cheated on their agreement with the workers and did take on extra workers during the year, they would not be able to reach a similar agreement with their workers the next time. Knowing this, it is unlikely that they will perceive their *incentive to* hire to be altered in the way that Weitzman suggests. In addition, even when we consider countries that have genuine profit-sharing (e.g., Japan) we have no reason to believe that it is profit-sharing that helps them resist stagflation better.

It is true that there is a reduction in wage pressure, but but it is no different from that which would arise from a cut in income tax thresholds.

The main reason that the share schemes are less open to abuse is the fact that they are a form of compulsory saving (with shares often having to be held for five years) and that they are a claim on the distant and uncertain future. For these reasons, workers are less willing to trade off current income against these. Of course, a corollary of this is that these share schemes are less likely to *have stagflation - resisting* properties.

For all these reasons I believe that one needs to proceed cautiously over extending tax concessions to cash profit-sharing schemes.

(Dr) Sushil Wadhwani.
London School of Economics,
Houghton St, WC2

Letters to the Editor

Violence in Ulster

From Sir Charles Pickthorn.

Sir,—On March 5 you printed, at the top of the front page in heavy type, a piece headlined "Whitehall fury over Unionist violence and leaders' passive role."

The piece (continuing for 21 *inches) purported to be de*rived from official sources in Whitehall — "The Government reacted yesterday with cold fury to Monday's Unionist day of action in Ulster and the mounting evidence of blatant Loyalist intimidation . . . "The Royal Ulster Constabulary . . . is being widely blamed for failing to honour its pledge to keep roads open and protect those trying to get to work" and more tendentious stuff for which no source is given.

How tendentious it is is apparent from the report—which is not noticeably sympathetic to Northern Irish Unionists—by Hugh Carnegy in the same issue. Apparently the RUC (which opted for light policing) had 47 men injured, more than 35 shots fired at it and made 57 arrests. Although it only cleared 456 out of 670 road blocks, it found time to receive 237 reports of intimidation, 329 reports of damage to property, to use *video cameras to* help note vehicle numbers and identify troublemakers, to "earmark" 180 people for questioning and to receive 132 complaints of police inaction.

According to Carnegy "Police had made contingency plans to allow for any spill over of violence beyond the 24 hour deadline of the strike" (which did not, in the event, happen).

Meanwhile "In Dublin the Irish Cabinet discussed the day of action . . . Privately, there was concern over the complaints" (whose?) "about police inaction, a concern which Dublin is likely to pursue through the Anglo-Irish conference."

Unionists dislike the Anglo-Irish agreement because they believe it will be used by the Southern Irish Republicans to discredit the RUC, and to bring about a confrontation between the British Army and the loyal, and hitherto non-violent, Unionists. Previously there have been complaints of "massive" police presence. Now there are complaints of "passive" police presence, with very little justification as Carnegy's report shows.

No-one was killed in the strike and for this the RUC should be thanked, not blackened.

Many Unionists, of whom I am one, believe that there would have been fewer murders over the years had the southern Irish Republicans been less complacent about murder in the North and had their government been less "passive." Unionists *fear* that the favourable trend in Northern Irish affairs may be reversed if the Southern Irish *Government is permitted to in*fluence Northern Irish security arrangements.

(Sir) Charles Pickthorn.
3 Hobury Street, SW10

Chips and old blocks

From Mr M. Bloomfield

Sir,—One of the most blatant faults of our schools is not to teach logic; hence Mr Anthony Harris (March 8) is allowed to argue, *post hoc, ergo propter hoc:* The quality of British management is relatively poor. (True.) The quality of British education is relatively poor. (True.) Ergo: British schools are to blame for the poor quality of British management (False.)

Mr Harris ought to be careful not to make false deductions, whatever his premises. In particular, he should understand that it has never been the business of our *secondary schools* to teach managerial skills, and he should produce statistical evidence to support his case . . . good managerial practice. He should also have distinguished between the public schools, from among the ex-pupils of which there have been large recruitments of managers, and the state schools — especially the comprehensive kind, the majority of which are still less than 20 years old, and whose oldest ex-pupils must *still* be under 40 years of age.

It is this latter category of schools which Sir Keith Joseph wishes to reform, no doubt with the best intentions. So far, Sir Keith has not shown the high managerial skills he would like to see manifest in others, has he? Senior teachers, who presumably will assess their junior colleagues, are themselves usually lacking in these same managerial skills; so how will it be possible for them to assess, except in a mainly subjective way, "good" teachers? Will they not tend to promote teachers who most nearly resemble themselves?

Mark A. Bloomfield.
45 Heathend Road.
Alsager, Stoke-on-Trent.

Discretionary trusts

From Mr D. Lang

Sir,—No doubt space limitations prevented Stephen Chappell from giving as full coverage to the use of discretionary trusts and tax planning as he would have wished (March 8). I feel, however, that some reference should have been made to two important points.

A disadvantage of a discretionary trust, particularly where the settlors are elderly, is that the tax-free revaluation of assets on death for capital gains tax purposes does not take place. This does not, in the right circumstances outweigh the advantage of the discretionary trust but it is certainly a factor which anyone considering using it should have in mind.

It is well worth considering the use of transfers into a discretionary trust within the CTT annual exemption, at present £3,000 per year. This is available to both husband and wife and consequently over a period of 10 years £60,000 could be put into settlement without any liability to CTT whatever, other than what might be charged on the trust itself.

David Lang.
7a Market Place.
Blandford Forum, Dorset.

No disappearing village

From Mr P Hemslowe.

Sir,—I would like to refer to the article (February 28), by Mr Lionel Barber, regarding the fortunes of Cadbury-Schweppes.

Mr Barber states that ". . . with the decline of the Empire and *Britain's industrial dominance*, the old certainties lost much of the strength — the model village and the Cocoa Press disappeared. . . ."

While I cannot speak for the Cocoa Press, which may well have gone, I can tell you that the "model village" he refers to is alive and well and lives on as the Bournville Village Trust.

George Cadbury's original concept of a model village has, over the past 85 years, grown in size and stature, from the original 300 houses around the factory in 1900, to an estate of 7,500 homes of various types, covering an area of over 1,000 acres and containing a population of around 23,000 people. Some disappearing act!

The founder of this unique experiment in housing wanted to perpetuate his work for all time, and to do so he formed the charitable housing trust which is one of the many housing associations in this country that have done, and are doing, so much to try and alleviate the current crisis in housing. His original idea was "*. . . to ameliorate the con*ditions of the labouring classes in and around Birmingham and elsewhere in Great Britain by the provision of improved dwellings. . . ." a philosophy which the present trustees, nine of whom are descended from the founder or his brother, are still very conscious of today.

This philosophy, of providing decent housing for those in *housing need, remains in the* forefront of the trust's work, in many different ways. Most recently this has been demonstrated by the development of 20 acres of land on the southern edge of the estate, as a solar village, the largest of its kind in Europe, with a mixed development of housing to meet some of the different housing needs of today's society.

Far from disappearing, in fact, the "model village" has, like Topsy, "growed" and is moving with the times. A living proof of the philosophy and work of a far-sighted philanthropic and benevolent man.

P. F. A. Hemslowe.
(Community and Information Officer),
Bournville Village Trust,
Estate Office.
Oak Tree Lane,
Birmingham.

Alternative uses

From Mr J. Tinto.

Sir,—Colin Amery's fairness (March 10) in excluding the Diocese of Southwark from the tally of churches demolished under the Pastoral Measure 1968 in London is appreciated. I venture to suggest that the experience in this diocese shows the opposite side of the coin. Since the Pastoral Measure took effect alternative uses have been found for 26 redundant churches in the diocese. Fifteen of these have been leased to other Christian denominations, mainly black-led churches; of the remaining 11, nine have been converted for community, social or educational purposes and only two have been appropriated to commercial use. We have never had to demolish a church because a suitable alternative use could not be found.

James Tinto,
Secretary, Diocesan Redundant
Churches Uses Committee,
94 Lambeth Road, SE1.

UK COMPANY NEWS

IMI wins over Martonair with £88m offer

BY CHARLES BATCHELOR

MI and Martonair, two leading nanufacturers of pneumatic ontrol equipment, yesterday nded one of the shortest takeover battles the City has seen vith agreement on IMI's £87.7m ffer.

The merged group will rank econd or third in the world eague of pneumatic equipment nakers behind Parker Hannifin. US company, but similar in ize to Shoketsu Kinzoku Kogyo SMC) of Japan. IMI's fluid ower division and Martonair vill have combined turnover of bout £140m.

Unusually IMI won over the Martonair management without ny formal increase in the value f its all-paper offer. The boost iven to the value of the bid by he sharp rise in IMI's share rice; an increase in the cash lternative to bring it into line vith the share offer; and the ddition of a loan note alternaive persuaded Martonair to ccept.

The announcement of higher 985 profits which accompanied MI's bid announcement on Monday helped push the comany's shares 33p higher during he week to 183p by yesterday's lose.

At this level IMI's offer of 11 f its own shares for every hree of Martonair is worth 71p per share, compared with 05p on Monday. Martonair shares rose a further 10p yesterday to 640p.

When Martonair first disclosed just over a week ago that a bid from IMI was imminent it indicated it would not accept an offer below 600p.

IMI has increased its cash alternative from 495p to 590p and added the option of a 6.3 per cent cumulative redeemable preference share redeemable between October 1989 and 1991. The preference shares will be attractive to investors who want a guaranteed income and who do not want to take up IMI shares.

In contrast to many of the bid battles currently being fought in the City the IMI/Martonair discussions have been marked by an unusual degree of amicability, despite Martonair's unilateral decision last Friday to reveal that talks had been taking place.

The two companies have long-standing trading links

IMI expects to be able to achieve a £3m to £3.5m profits increase from increased sales and rationalisation resulting from the merger.

It believes the combined group will have less than 20 per cent of the UK market, which should mean there would be no question of a reference to the Monopolies Commission.

Coloroll's offer responds to SE's new ruling

BY DAVID GOODHART

Coloroll's £11m offer for taffordshire Potteries appears o provide the first example of company responding to the tock Exchange's recent rulings, nd consulting shareholders bout an indemnity to a erchant bank.

In response to the controverial techniques used in a umber of major bids, the Stock xchange Council on March 4 uled that a company must obtain rior approval from shareolders if, not in the ordinary ourse of business, it agrees to accept liability for costs, expenses, commissions or losses by third parties where the liability exceeds 25 per cent of the average of its pre-tax profits over the past three years.

In its circular to shareholders just sent out, Coloroll has said that it will be asking shareholders on April 2 to approve its indemnity agreement with merchant bank, S. G. Warburg.

Mr Bill Bowers, the chairman of Staffordshire Potteries, again rejected the Coloroll offer yesterday

Hanson gets first European listing

By Martin Dickson

Hanson Trust, which is in the middle of a £2.4bn takeover bid for Imperial Group, announced yesterday that it had obtained the first European listing for its shares on the Zurich, Basle and Geneva Stock Exchanges.

Analysts said the move—which comes just a month after it announced plans for its shares to be listed on the New York Stock Exchange, should help strengthen Hanson's share price, and thus aid its battle for Imperial. There was speculation that it might soon announce another European listing, possibly in Paris.

Mr Martin Taylor, a Hanson director, said the move followed evidence of European investor interest in the company and seemed a natural development in view of the growing internationalisation of the equities market.

Hanson, he said, had had two Euro-convertible issues—of $25m each in 1980 and 1981—but when investors came to convert shares they could not trade them on their local exchanges.

Arrangements for the listing have been made by Credit Suisse in association with Union Bank of Switzerland and Swiss Bank Corporation.

Hanson said in February that its shares would be listed in New York in the form of a sponsored American Depository Receipt facility, with a view to developing an additional market for existing shares, rather than with a view to issuing new paper.

Hanson has expanded rapidly over the past decade in the US—most recently taking over SCM, the chemicals-to-typewriter group—but it has few interests in Europe.

Analysts said that in the wake of its troubled £519m rights issue last summer—which was only half taken up by shareholders — Hanson would be keen to find wider markets for its shares.

Rodamco raises offer and takes Haslemere in £252m coup

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

Rodamco, the Netherlands-based investment trust, has won control of Haslemere Estates, the UK property group which had resisted the Dutch takeover bid.

Rodamco yesterday raised its 600p-a-share bid for Haslemere to 640p, valuing the company's ordinary share capital at £190m and, with loan stock, putting a £252m price tag on the property development and investment group.

The Dutch bidders said that the offer was final and would not be increased under any circumstances. Institutional shareholders wasted no time in selling and, by midday, Rodamco's stake in Haselmere's ordinary share capital had risen from 24 per cent to 55.5 per cent, giving it 52.4 per cent of the company's fully diluted share capital.

Mr Paul van Romunde, a director of Rodamco Property, said that talks with Haslemere's management, aimed at obtaining a recommendation for the offer, would be held next Tuesdayday. Haslemere, he said, offered excellent opportunities for further growth, backed by Rodamco's extensive investment funds.

During the contested takeover battle, Rodamco avoided direct criticism of members of the Haslemere board, although it did attack some elements of company strategy. Early changes in management are unlikely to be sought by the Dutch, although they will put representatives on the board.

Whether Haslemere directors want to remain will depend on the outcome of the talks. Their initial reaction to the sudden coup suggested that a recommendation to accept the offer to undecided shareholders will not be easily won.

A statement said that the 640p offer—15p above Thursday's closing price and 130p above the pre-bid price—still represented a "substantial undervaluation" of the company.

The terms, they added, "utterly failed" to take account of additional surpluses represented by development properties, conservatively estimated at over 20p a share, and ignored current year earnings which, after payment of an interim dividend, will add at least 13p per share. Rodamco, it added, would have to offer 716p to give shareholders full value.

The Haslemere board is recommending shareholders not to sell shares and to ignore all communications from Rodamco. It says it will give advice to shareholders after it has heard of Rodamco's plans for the company.

Invergordon Distillers rises by 10%

Invergordon Distillers (Holdings) reported pre-tax profits for 1985 up by 10 per cent on turnover which increased by 18.5 per cent. The turnover figure, however, included duty, which rose from £142,000 to £2.44m.

The company, which is a subsidiary of Carlton Industries, the ultimate holding company of which is Hawker Siddeley Group, made taxable profits of £4.55m, against last year's £4.13m. Turnover rose from £25.96m to £30.78m.

From earnings of 15.7p (14.7p), the directors are recommending a final payment of 3.25p (2.75p), making a total for the year of 4.75, against 4.25p last time.

Towards the end of November, the company acquired Scottish & Newcastle Breweries' whisky interests, which operate through Charles Mackinlay & Company. One month's figures are included in the Invergordon results.

Operating profit came out at £5.04m (£4.51m), and the pre-tax figure was struck after interest charge of £496,000 (£379,000). Dividends absorbed £1.04m (£829,000).

Sintrom 22% ahead despite sector problems

Sintrom, which obtained a market listing in March 1985, has announced a 22 per cent increase in pre-tax profits, from £1.03m to £1.25m in the year to December, with £717,000 achieved by the halfway stage.

The company, based in Reading, is a specialist manufacturer and distributor of computers and computer peripherals. Its turnover for the year rose by nearly 30 per cent to £14.83m against £11.43m, and the directors say this continued growth has been achieved despite severe price cutting and over-supply problems in the electronics and computer industry worldwide.

In the first two months of 1986, however, deliveries have been lower than last year, Mr Tom Dalzell, the chairman, says, but adds that the order book is improving and he believes that the company can look forward with confidence, to continued progress in its chosen markets.

Sintrom operates in markets with substantial long-term growth potential, Mr Dalzell says, and adds that there is considerable scope for it to develop its market share and widen its franchise base.

A total 2.2p (nil) dividend is being paid out for the year, with a 1.45p final. After tax of £491,000 (£485,000) net profits emerged £218,000 ahead at £763,000 for earnings per 10p share of 8.9p (7.4p).

Sintrom's comparable figures include the full year's results of acquisitions

● **comment**

Luckily for Sintrom the scientific and medical markets shrugged off the slump which beset consumer electronics last year. In 1986 it may be less fortunate. Orders dipped below their 1985 levels in the first two months of the year and, although business was brisker in the third, the best Sintrom can expect is an erratic year in 1986. More pertinently its supplies to British Telecom's System X, which have already passed their peak, will come to an end in three or four years time. The company has already devised three new products to take their place, although the first, a tape streamer mechanism, has run into production problems. The City responded by shaving 3p off the shares to 120p yesterday. Nonetheless Sintrom should produce profits of £1.35m in 1986 with a prospective p/e of 13. There is lots of potential overseas, where the weak pound should give a price advantage over its European competitors. And with a cash pile of £2.2m left from its flotation Sintrom is well placed to make the most of the acquisition opportunities covered by the electronics slump.

Acquisitions boost Suter's growth rate

Suter, the fast expanding group currently in the throes of an agreed £28m takeover bid for UKO International, yesterday reported more than doubled taxable profits for 1985 with growth coming from both organic and acquisition sources.

A large part of the increase, from £4.14m to £9.54m pre-tax, stemmed from two of Suter's most recent acquisitions, Lake & Elliot and Francis Indusries, which accounted for nearly 62 per cent of a £6.13m rise to £11.3m in trading profits.

Mr David Abell, who heads the engineering and distribution group, said that the achievements of the underlying businesses were also impressive, yielding an increase of just over 57 per cent to £6.6m in trading profits on turnover which grew by just 25 per cent. Total group turnover was more than doubled from £47.31m to £110.02m.

Shareholders, who were asked to put up £11.6m of rights money last May to help pay for acquisitions and reduce borrowings, are set to receive a higher final dividend of 2.8p, against 2.3p, on the enlarged capital. This makes a higher total of 4.2p (3.5p), which is covered more than threefold by earnings per share of 13.9p (9.4p).

Mr Abell said that Suter's net bank overdraft was down to £4.1m at the year-end compared with £8.8m a year earlier. This was after taking account of the rights proceeds, £4.7m cash spent on acquisitions and £6.3m net expenditure on investments — interest payable amounted to £1.8m (£1.2m).

He said that distribution operations, which now included Darenth Equipment from the Lake & Elliot group and Lyne Printers acquired with effect from January 1 1985, increased turnover by 42 per cent to £34m and doubled profits to £2.2m.

The light engineering division, which incorporates the two Clearplas plastic moulding companies from Francis Industries, saw profits more than treble to £1.9m on a 65 per cent rise to £28.9m in turnover.

Packaging operations, including three companies from Francis Industries engaged in the manufacture of steel and tin plate containers, had a much better second half resulting in a full year taxable profit of £0.8m.

Most of the Lake & Elliot companies and Sagar-Richards, acquired with Francis Industries, plus Swinney Engineering bought last July are part of the specialist engineering group which contributed £20.6m to turnover and £2m to profits. However, Mr Abell said this did not reflect a full year's trading.

In addition to the results, Suter yesterday despatched its formal offer document to UKO's shareholders.

● **comment**

Only grudgingly is the City beginning to classify Suter as a favoured mini-conglomerate, shaking off its worries that the company's main skill is as a share dealer. These results—forecast a fortnight ago when Suter bid for UKO—should dispel any residual fears. Mr David Abel has pulled all the wraps off last year's numbers, showing exactly how the excellent overall figure is made up. Well he might mount such a revealing exercise, as the results improve on closer inspection. It seems that Suter can go on marching its constituent companies forward even four years after buying them: the doubling of profits from NRS/Dawmec is a case in point. The UKO acquisition looks promising, with a distribution business that makes a net addition to Suter's own. On profits from the combined group of £14.5m, the shares after a sharp rise over the last month to 255p are still not overvalued on a prospective p/e of 15.5.

Promotions House rejects £7.9m bid from WPP

BY DAVID GOODHART

Promotions House, the sales promotion consultancy, yesterday firmly rejected the £7.9m all-share bid for it from WPP the small manufacturing company which has been transformed by a 10 per cent holding from Saatchi and Saatchi.

Promotions House yesterday rejected the offer as inadequate and advised shareholders to take no action "pending receipt of the offer document from WPP Group and the board's response thereto."

However, Mr Preston Rabl, a partner in stockbroker Henderson Crosthwaite, who along with Mr Martin Sorrell, finance director of Saatchi and Saatchi, joined the board last year, pointed out that WPP has now received "irrevocable undertakings" to accept their offer from institutions holding 29 per cent of the shares. The undertakings have come from three institutions.

WPP's share price rose 80p to close at 478p and Promotions House rose 2½p to close at 31½p.

Ansbacher consolidates recovery in third quarter

BY MICHAEL CASSELL

Henry Ansbacher, the UK merchant banking group which nearly collapsed in early 1985, made a strong third quarter recovery consolidating the progress made in the opening six months.

Pre-tax profits for the nine months to December 31, 1985, which is now the year-end, totalled £2.7m after £1.49m at the six-month stage. Losses for the twelve month period ending March 1985 totalled £131m.

The bank, which underwent a financial construction last year and in which Groupe Bruxelles Lambert and Pargesa hold just over half the equity, says that its three remaining core activities — merchant banking, insurance broking and shipbroking — are now trading profitably. Earnings per share in 1985 reached 1.9p (loss 42.1p) but, as forecast, there is no dividend.

Net tangible assets at the year-end stood at nearly £48m and total provisions reached £1.75m. Mr Richard Fenhalls, the chairman, said yesterday: "All goodwill has been written off and our group, standing at £21m last March, has been repaid. We have £5.7m cash in the bank and our three operating divisions are profitable."

The merchant banking business now has a loan portfolio of £68m and Ansbacher is planning on developing, via eventual acquisition, its marine brokerage business into a diversified insurance broking operation. Mr Fenhalls said that the absence of a fund management operation was the only real gap in the bank's business and this would ultimately be filled.

Hillsdown raises Berisford stake

Hillsdown Holdings, the acquisitive food and office equipment group, yesterday disclosed that it had raised its stake in S. & W. Berisford, the commodity trading and sugar refining group, from 9 per cent to 10.39 per cent, prompting fresh speculation about the possibility of a bid.

Berisford is already in talks with Ferruzzi, the large Italian food and agribusiness group, about a possible bid, in which the Ravenna-based company would acquire Berisford's British Sugar subsidiary and the rest of the business would be sold to its management.

Unichem expects 50% increase

Pre-tax profits at UniChem, Britain's largest pharmaceutical wholesaler, are expected to improve by more than 50 per cent to about £4.2m for 1985, say the directors.

The co-operative's sales figures are also expected to show an increase of nearly 20 per cent from £370.9m to £441.1m.

Mr Peter Dodd, managing director, says it has been a difficult year for the whole pharmaceutical industry and more pressures lie ahead, including this week's announcement of increases in prescription charges.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Fri Mar 14 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thurs Mar 13 Index No.	Wed Mar 12 Index No.	Tues Mar 11 Index No.	Year ago (approx.) Index No.	1985/86 High		1985/86 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (212)	716.19	+0.2	8.03	3.32	15.70	2.04	714.46	720.11	705.16	558.22	720.11	12/3/86	483.30	25/7/85	720.11	12/3/86	50.71	13/12/74
2	Building Materials (24)	758.60	+0.3	8.69	3.58	14.43	1.06	755.99	763.92	753.34	501.69	763.92	12/3/86	472.11	26/2/85	763.92	12/3/86	44.27	11/12/74
3	Contracting, Construction (27)	1108.27	−0.2	8.32	4.02	15.93	3.46	1110.49	1117.33	1095.38	693.09	1117.35	12/3/86	684.17	8/3/85	1117.33	12/3/86	71.48	2/12/74
4	Electricals (13)	1947.46	—	7.53	3.90	17.31	1.59	1946.91	1959.18	1914.15	1518.03	1959.18	12/3/86	1289.36	10/7/85	1959.18	12/3/86	84.71	25/6/62
5	Electronics (38)	1745.20	+0.1	8.42	2.63	15.62	8.09	1742.86	1758.99	1743.73	1727.09	1977.60	9/1/85	1229.01	8/10/85	2049.05	13/11/84	1229.01	8/10/85
6	Mechanical Engineering (63)	400.73	+0.8	8.80	3.72	13.89	1.27	397.71	399.95	393.68	301.52	400.73	14/3/86	263.85	25/7/85	400.73	14/3/86	45.43	5/1/75
8	Metals and Metal Forming (7)	328.51	+3.1	6.71	5.22	18.20	0.00	318.65	322.56	318.67	194.46	328.51	14/3/86	165.08	14/1/85	328.51	14/3/86	49.65	6/1/75
9	Motors (18)	284.12	+0.2	8.02	3.39	15.41	0.73	283.50	282.16	276.38	175.89	284.12	14/3/86	142.57	3/1/85	284.12	14/3/86	19.91	6/1/75
10	Other Industrial Materials (22)	1314.72	−0.3	6.26	2.99	19.21	2.60	1319.33	1335.04	1266.96	992.37	1335.04	12/3/86	828.60	3/1/85	1335.04	12/3/86	277.55	15/1/81
21	CONSUMER GROUP (184)	893.64	+1.3	7.53	3.15	16.73	2.93	881.95	883.54	869.33	648.13	893.64	14/3/86	604.96	3/1/85	893.64	14/3/86	61.41	13/12/74
22	Brewers and Distillers (24)	861.52	—	9.14	3.59	13.94	4.04	861.55	873.90	866.06	580.20	873.90	12/3/86	550.86	3/1/85	873.90	12/3/86	69.47	13/12/74
25	Food Manufacturing (22)	647.00	+1.4	9.40	3.99	13.78	3.75	637.83	639.98	628.44	512.40	647.00	14/3/86	471.62	25/7/85	647.00	14/3/86	59.67	11/12/74
26	Food Retailing (14)	1871.80	+0.2	6.41	2.48	21.21	5.78	1867.94	1877.93	1873.56	1461.64	1893.46	27/2/86	1400.36	1/3/85	1893.46	27/2/86	54.25	11/12/74
27	Health and Household Products (10)	1532.71	+2.7	4.97	2.11	23.61	0.25	1492.36	1485.34	1454.74	1036.91	1532.71	14/3/86	980.65	11/4/85	1532.71	14/3/86	175.38	28/5/80
29	Leisure (25)	923.84	+0.8	7.39	3.78	17.52	9.78	916.51	905.18	892.73	686.57	923.84	14/3/86	590.69	12/7/85	923.84	14/3/86	54.83	9/1/75
32	Publishing & Printing (13)	2243.32	+0.4	7.53	4.08	16.74	2.36	2233.34	2246.46	2205.00	1746.55	2246.46	12/3/86	1445.15	3/1/85	2246.46	12/3/86	55.08	6/1/75
33	Packaging and Paper (15)	449.01	—	7.69	3.55	15.46	0.31	449.08	451.16	439.97	325.40	451.16	12/3/86	286.36	3/1/85	451.16	12/3/86	43.46	6/1/75
34	Stores (43)	854.93	+0.9	6.25	2.57	21.64	1.06	847.49	848.43	830.84	586.71	854.93	14/3/86	529.47	19/2/85	854.93	14/3/86	52.63	6/1/75
35	Textiles (15)	534.36	+3.3	7.21	3.42	15.84	0.28	517.34	519.33	503.69	337.65	534.36	14/3/86	293.07	3/1/85	534.36	14/3/86	62.66	11/12/74
36	Tobaccos (3)	1130.56	+3.4	11.68	4.40	9.87	6.49	1093.29	1089.36	1074.78	961.61	1130.55	14/3/86	714.72	26/9/85	1130.55	14/3/86	94.34	13/6/62
41	OTHER GROUPS (86)	836.75	−0.1	8.08	3.57	15.80	4.02	837.87	854.07	844.76	691.74	854.07	12/3/86	605.99	3/1/85	854.07	12/3/86	58.63	6/1/75
42	Chemicals (19)	955.30	+0.3	9.75	4.24	12.36	14.35	952.12	948.06	937.49	795.85	955.30	14/3/86	645.96	26/9/85	955.30	14/3/86	71.20	1/12/74
44	Office Equipment (4)	252.18	−1.8	7.68	3.99	15.51	3.81	256.84	257.79	253.78	187.12	258.46	18/2/86	154.76	3/1/85	258.46	18/2/86	45.34	2/1/75
45	Shipping and Transport (12)	1623.38	−0.4	6.31	3.60	19.65	0.00	1630.29	1638.20	1628.02	1157.25	1638.20	12/3/86	958.08	3/1/85	1638.20	12/3/86	90.80	29/6/62
47	Telephone Networks (2)	988.13	−0.6	8.34	3.32	16.44	0.93	994.42	1042.41	1040.60	826.99	1042.41	12/3/86	701.92	3/1/85	1042.41	12/3/86	517.92	30/11/84
48	Miscellaneous (49)	1026.85	+0.5	6.77	3.32	18.09	2.34	1021.38	1020.91	993.20	868.52	1026.85	14/3/86	787.88	26/7/85	1026.85	14/3/86	60.39	6/7/75
49	INDUSTRIAL GROUP (482)	843.26	+0.7	7.79	3.30	16.23	2.98	837.49	843.92	830.42	644.78	843.92	12/3/86	599.75	3/1/85	843.92	12/3/86	59.01	13/12/74
51	Oil & Gas (18)	1156.29	−1.7	18.80	7.95	6.27	21.65	1176.16	1183.40	1139.50	1187.80	1239.75	15/2/85	1042.21	3/1/85	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	871.72	+0.4	8.92	3.77	13.96	4.44	867.90	874.42	858.51	690.25	874.42	12/3/86	636.98	3/1/85	874.42	12/3/86	63.49	13/12/74
61	FINANCIAL GROUP (118)	596.19	+1.3	—	4.20	—	4.02	588.60	585.45	578.07	460.13	596.19	14/3/86	430.10	4/1/85	596.19	14/3/86	55.88	13/12/74
62	Banks (7)	618.36	+3.3	18.63	5.42	7.56	11.28	598.55	578.14	562.39	449.53	618.36	14/3/86	420.58	15/4/85	618.36	14/3/86	62.44	12/12/74
65	Insurance (Life) (9)	902.78	+0.7	—	3.77	—	0.00	896.78	901.87	906.18	634.39	906.18	11/3/86	580.95	4/1/85	906.18	11/3/86	44.88	2/1/75
66	Insurance (Composite) (7)	487.82	+1.1	—	4.16	—	2.47	482.52	483.71	476.38	338.55	487.82	14/3/86	303.16	25/2/85	487.82	14/3/86	43.96	13/12/74
67	Insurance (Brokers) (8)	1256.72	−1.4	6.73	3.53	19.84	0.95	1274.83	1307.38	1286.39	1248.70	1315.27	12/2/86	1009.26	25/7/85	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	354.15	+0.4	—	2.95	—	0.06	352.75	350.06	346.56	239.04	354.15	14/3/86	220.65	3/1/85	354.15	14/3/86	31.21	7/1/75
69	Property (51)	731.55	+0.5	5.43	3.39	24.61	1.10	728.11	732.27	729.42	642.72	742.66	21/2/86	585.78	10/7/85	742.66	21/2/86	56.01	20/4/65
70	Other Financial (25)	339.13	+0.6	7.16	3.98	16.77	1.33	337.10	338.89	335.17	293.54	339.13	14/3/86	261.32	26/7/85	339.13	14/3/86	33.29	17/12/74
71	Investment Trusts (103)	728.32	+0.2	—	3.02	—	3.61	726.90	722.77	709.38	632.41	728.32	14/3/86	557.78	31/7/85	728.32	14/3/86	71.12	13/12/74
81	Mining Finance (3)	281.63	+0.3	11.80	5.52	9.87	0.00	280.65	276.37	276.45	288.35	311.08	15/4/85	240.20	5/8/85	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	681.42	+1.2	12.73	6.14	9.32	7.85	673.02	678.63	679.90	663.58	687.15	22/1/85	562.27	15/10/85	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (738)	791.05	+0.6	—	3.84	—	4.22	786.59	790.28	776.85	638.16	791.05	14/3/86	581.88	3/1/85	791.05	14/3/86	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low	Mar 13	Mar 12	Mar 11	Mar 10	Mar 7	Year ago								
	FT-SE 100 SHARE INDEX ♣	1624.4	+7.7	1624.5	1617.6	1616.7	1624.5	1597.1	1572.2	1573.8	1309.9	1624.5	12/3/86	1206.1	3/1/85	1624.5	12/3/86	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Mar 14	Day's change %	Thurs Mar 13	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	121.19	+0.18	120.98	—	1.97
2	5-15 years	140.09	+0.35	139.60	—	2.16
3	Over 15 years	147.84	+0.38	147.28	—	3.28
4	Irredeemables	166.08	+0.07	165.96	—	1.62
5	All stocks	136.33	+0.29	135.94	—	2.27
	Index-Linked					
6	5 years	108.87	+0.01	108.85	—	0.81
7	Over 5 years	109.33	−0.09	109.43	—	0.91
8	All stocks	109.25	−0.07	109.33	—	0.90
9	Debentures & Loans	119.17	−0.34	119.58	—	2.07
10	Preference	82.86	+0.20	82.69	—	2.00

	AVERAGE GROSS REDEMPTION YIELDS		Fri Mar 14	Thurs Mar 13	Year ago (approx.)	1985/86 Highs		1985/86 Lows	
	British Government								
1	Low	5 years	8.94	8.94	10.95	11.56	28/1/85	8.88	12/3/86
2	Coupons	15 years	9.12	9.15	10.74	11.20	28/1/85	9.09	12/3/86
3		25 years	9.12	9.15	10.29	10.72	29/1/85	9.10	11/3/86
4	Medium	5 years	10.07	10.11	11.87	12.39	28/1/85	9.96	11/3/86
5	Coupons	15 years	9.59	9.63	11.19	11.63	28/1/85	9.48	11/3/86
6		25 years	9.39	9.43	10.62	10.97	29/1/85	9.26	11/3/86
7	High	5 years	10.06	10.11	11.97	12.53	28/1/85	10.05	11/3/86
8	Coupons	15 years	9.77	9.81	11.41	11.76	28/1/85	9.65	11/3/86
9		25 years	9.56	9.59	10.78	11.03	29/1/85	9.33	11/3/86
10	Irredeemables†		9.07	9.07	10.21	10.49	28/1/85	9.04	12/3/86
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	4.48	4.45	0.0	5.18	14/1/86	4.23	27/2/86
12	Inflat'n rate 5%	Over 5 yrs	3.78	3.76	0.0	4.01	20/1/86	3.70	27/2/86
13	Inflat'n rate 10%	5 yrs	3.48	3.44	0.0	4.23	14/1/86	3.17	27/2/86
14	Inflat'n rate 10%	Over 5 yrs	3.63	3.61	0.0	3.85	14/1/86	3.54	27/2/86
15	Debs &	5 years	10.71	10.67	12.16	12.78	27/1/86	10.55	12/3/86
16	Loans	15 years	10.55	10.50	11.93	12.37	29/1/85	10.43	12/3/86
17		25 years	10.38	10.33	11.76	12.37	29/1/85	10.32	12/3/86
18	Preference†		11.74	11.75	12.80	13.14	29/1/85	11.73	25/10/85

♣ Opening index 1617.9; 10 am 1620.9; 11 am 1619.7; Noon 1618.3; 1 pm 1619.0; 2 pm 1619.8; 3 pm 1622.5; 3.30 pm 1623.3; 4 pm 1623.3.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Coats Patons (35) has been deleted and replaced by Devenish (J. A.) (22).

Raymond Hughes details the result of Argyll Group's appeal

Merger ruling 'good administration'

Argyll Group has again failed to block Guinness's revised bid for Distillers.

The Court of Appeal yesterday dismissed, with costs, Argyll's appeal against the High Court's refusal on Friday last week to rule that Sir Godfray Le Quesne, QC, chairman of the Monopolies and Mergers Commission, had wrongly laid aside Guinness's original bid.

Sir John Donaldson, Master of the Rolls, said that Sir Godfray had not erred in concluding that Guinness's original merger proposals had been abandoned the day before Guinness announced a revised offer.

The appeal court held that Sir Godfray did not have the legal authority to take the decision to lay aside the reference personally, rather than leaving it to the Commission as a whole or to a group of its members.

However, said Sir John, good public administration was concerned with substance rather than form. He had little doubt that the Commission or a group would have reached the same conclusion.

He added that the financial public had been entitled to rely upon the finality of the laying-aside decision and its consequence that "Guinness were back in the ring."

Argyll is to consider appealing to the House of Lords.

Argyll, which has made an opposed bid for Distillers, had asked that the Commission's decision on February 19 to lay aside the reference of the first Guinness bid, and the Secretary of State for Trade and Industry's consent to the laying aside, should be quashed.

Argyll also sought a declaration that the reference, which had the effect of lapsing the Guinness bid, was valid and subsisting.

It contended that Sir Godfray had exceeded his powers under the 1973 Fair Trading Act in acting on his own, and that Guinness's new merger proposals were so similar to the original ones that Sir Godfray should not have concluded that the first bid had been abandoned.

Sir John said that Argyll contended that abandonment meant that every proposal for merger had been abandoned. If that were correct, Sir Godfray had been wrong to conclude that there had been an abandonment.

The original proposal had involved a merger of all the activities of Guinness and Distillers. The revised proposal involved a merger of most of their activities.

Sir John rejected Argyll's contention because, he said, the reference to the Commission was not, and could not be, of arrangements which were not then proposed.

Where a prospective bidder said that proposed, or contemplated, arrangements had been abandoned, and new arrangements were proposed or contemplated, it was for the Commission to decide whether the new arrangements were an amended form of the old.

On that basis, said Sir John, Sir Godfray had not misdirected himself in concluding that there had been an abandonment.

There had been past occasions, abandonments having taken place very soon after a reference, when Sir Godfray had personally taken the decision to lay aside.

From a practical point of view, that had much to commend it, said Sir John.

"Time is money in a very real and immediate sense in the financial markets of the world. If a merger reference is to be laid aside it is of enormous importance not only to the companies concerned but also to their shareholders that this be decided and made known at the earliest possible opportunity."

We added that he thought the Commission must be taken to have tacitly accepted and approved this practice by the chairman, as being the only sensible and practical way of dealing with abandonments with sufficient speed when the Commission has not yet in any real sense entered upon the reference.

However Sir John concluded, reluctantly, that the Commission had not the power to do that and its chairman could not derive any authority independently from the Act.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
British Assets	int	0.48	May 6	0.43*	—	1.78*
Camellia Invs		7	—	6	12	10
Dunton‡	int	0.16	April 30	nil	—	0.24
Invergordon Dist		3.25†	May 16	2.75	4.75†	4.25
Sintrom		1.45	—	nil	2.2	nil
Suter		2.8†	June 16	2.3	4.2†	3.5

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Adsteam lifts payout as half-year earnings double

BY LACHLAN DRUMMOND IN SYDNEY

ADELAIDE STEAMSHIP, the Australian industrial and investment holding company, more than doubled net earnings from A$26.97m (US$19m) to A$55.69m in its half-year to December, with share trading profits making a major contribution to growth.

Adsteam's key half-owned associate, the retailer David Jones, in addition reported a 66 per cent increase in its net earnings to A$40.3m for its January 25 half-year. Adsteam equity-accounts for David Jones which, with 30 per cent of the shares of Adsteam, in turn equity-accounts its controlling shareholder, with adjustments for double counting.

Both have declared one-for-four bonus issues—a rarity for the group—with increased *interim dividends from each of* 16 *cents a share payable on* the increased capital, against 14 cents last time.

Adsteam said its traditional marine and towage interests again recorded pleasing results with its other wholly owned interests in timber, building *materials*, land development and optical goods continuing to perform well.

As well as David Jones it equity-accounted returns from DJ's Properties, Tooth, and Epstein, which produced a mixture of flat and better returns. *The result* was that its equity share of associates' profits above dividends received grew from A$11.85m to A$14.33m.

The group provided A$16.34m of tax compared with its more traditional A$30,000 last year, pointing to significant upturn in *internal trading profits as well as high levels of taxable earnings* from share trading.

Pre-tax profits were A$64.18m compared with A$20.27m despite a sharp increase in interest payments from A$8.91m to A$26.1m. In part this reflected borrowings incurred to support *the companies it owns jointly* with David Jones which hold the 84m shares in BHP which are to be passed to Bell Resources later this year.

As an offset their group's investment income grew by A$9.4m to A$31.18m, with *minority deductions*—reflecting dividend payments on redeemable capital—up from A$5.12m to A$6.44m. The net profit excludes extraordinary profits of A$13.8m compared with A$14.3m.

At David Jones, turnover *grew 39 per cent to A$506m.*

Fok invests in Tung offshoots

BY DAVID DODWELL IN HONG KONG

MR HENRY FOK, the Hong Kong property *millionaire* with substantial investments in China and a large stake in Macao's casino gambling monoply, is to invest US$120m in two shipping companies to be *hived off from* the C. H. Tung shipping group as part of a reconstruction aimed at saving the group from bankruptcy.

Mr Fok is understood to have made the investment after close discussions with Cosco, China's national shipping corporation. A direct investment from Cosco, which is in urgent need of modern ships in its fleet, was ruled out because of possibly serious repercussions for the Tung group, which has substantial interests in Taiwan. The Taipei Government remains implacably hostile to the communist regime in Peking.

The investment will give Mr Fok a "substantial minority interest" in two companies. He will inject $20m into a company to be formed around 24 new vessels—called Newbuildings—currently on order to the C. H. Tung group, and a further $100m into a container transport company that is currently operated by Orient Overseas Holdings, a public company in which the Tung family holds an 80 per cent stake.

The C. H. Tung group, with Orient Overseas, owes about 70 creditors a total of $2.4bn. First signs of trouble inside the group emerged last September when Orient was forced to arrange a HK$1bn (US$128m) line of credit "to maintain its working capital position."

Apart from setting up the two new companies, the reconstruction will involve bringing together the group's substantial *fleet of tankers and bulkers to* operate as one company.

Apart from being one of Hong Kong's wealthiest property owners, Mr Fok has accumulated a large fortune from his 20 per cent stake in Macao Tourism and Amusement (MTA), which has a monopoly of casino gambling in the Portuguese-administered territory. The owners of MTA are currently planning to float the company, and expect to raise about HK$1.5bn by offering 25 per cent to the public.

Bulk Transport seeks fresh capital injection

By Christopher Parkes

BULK TRANSPORT, a Bermuda-based company set up to buy second-hand oil tankers for resale at a profit when the depression in the oil shipping *business eases, is seeking a fresh* capital injection in the UK and on the Continent.

Mr Samuel Pollock, chief executive, said yesterday that he was looking at two further vessels to add to the company's current collection of four VLCCs (very large crude carriers).

The company, which is quoted in Luxembourg and has a service base in London, raised $21.25m when it launched its novel scheme in 1983. This has now ben all but exhausted following the acquisition of a 1979-built tanker in January.

Stockbrokers to the new issue are Greig, Middleton and Rowe and Pitman, both of London, which handled the initial venture. Mr Pollock said 95 per cent of the existing stock was held by about a dozen institutions, half in the UK and half abroad.

SKF to take over TRW bearings operations

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SKF of Sweden, the world's largest bearings manufacturer, has signed a letter of intent to take over the bearings division of TRW, the US industrial group.

The bearings operations, formally Marlin Rockwell, has sales in excess of $100m. It has five plants in the US with its headquarters in Jamestown, New York.

The takeover is one of the first steps in SKF's strategy to strengthen its activities in North America, which accounts for around a third of the world bearings market. It aims to double its share there in the next five years to around 20 per cent.

Last year it formed a new operational division for rolling bearings in North America to co-ordinate activities in the US, Canada and Mexico.

SKF has a dominant position in the world rolling bearings market with more than double the share of its nearest competitor at around 20 per cent. But it is still under-represented in North America with a share of some 10 per cent. The group *currently has a turnover in the* US of around $450m.

The group last year had total group sales of SKr 19.7bn ($2.7bn) and profits after financial items of SKr 1.37bn. Its position in the US deteriorated with a drop of 15 per cent in sales volume caused in part by excess capacity among US bearings producers and rising imports.

● DFDS, the troubled Copenhagen-based shipping line, recorded a small net surplus *last year for the first time since* 1981. Net profits were put at DKr 33.7m ($4m) compared with a shortfall of DKr 87.1m in 1984.

Operating results showed a deficit of DKr 17.9m, but ship sales last year brought in DKr 13.4m. There is again no dividend.

BHP gains 15% stake in Bell Resources

By Our Sydney Correspondent

BROKEN HILL Proprietary (BHP) of Australia, has secured a 15 per cent holding in Bell Resources as a result of its counter-raid this week, more than enough to allow it to block next week's Bell Resources shareholder vote on a placement of shares to Bell Group, its parent.

Meanwhile, the Federal Government is considering a number of options to break an impasse in the Senate which *is preventing passage of monopolies law amendments.* These would allow the transfer of a monopoly—which BHP has in steel production—to pass unchecked by the Trade Practices Commission (TPC).

The long-promised *amendments have been held up by* demands from the Australian Democrats—who hold the balance of power in the Senate—that a public enquiry should be held, and the wish of the opposition Liberal-National Party to make alterations of *its own to the monopoly* transfer amendment.

The Government is looking at separating the monopoly issue from other consumer related amendments sought by the opposition, or advising the trade practices commission *that the clear will of parliament* is to amend the monopolies section and that it should not seek to apply the relevant section.

As it stands the TPC would pursue its existing interim injunctions restraining the *Bell Resources partial bid for* BHP, because of the prima facie breach of the law the takeover would represent. Bell could seek authorisation, a process which would require public hearings where Bell would be required to prove *public benefit from the* transfer of monopoly power.

The 15m shares BHP has in Bell Resources, bought at a cost of close to A$140m (US$98.7m) represents 15 per cent of total fully and partly paid shares on issue, but more importantly represents 37 per cent of the votes available to be cast at next Tuesday's meeting. This is because Bell Group is prohibited from voting its 51 per cent share. The placement resolution—part of Mr Robert Holmes à Court's funding plans for the bid—requires approval by 75 per cent of votes cast. BHP intends moving to a maximum holding of some 33.5 shares, or 20 per cent of the total, once it clears technical restraints.

GM chooses Austrian site

By Patrick Blum in Vienna

GENERAL MOTORS has chosen Austria for its first site outside the US for manufacturing electronic fuel injection components.

The investment in new plant and machinery will reach Sch 1.2bn ($77m), of which around Sch 300m will be provided by the Austrian Government and the City of Vienna.

The news will disappoint the French and British governments which had also been negotiating with GM over the project. The British Government had high hopes that its offer of the De Lorean site in Belfast would win over its competitors.

AMI sees loss after $175m write-off

BY WILLIAM HALL IN NEW YORK

AMERICAN MEDICAL International (AMI), *which claims* to have founded the investor-owned hospital industry in the US, is writing off $175m and expects to report its first quarterly lost in its 25-year history because of the problems in the worldwide health care market.

Mr Walter L. Weisman, AMI's chief executive, said yesterday that his company expected to announce a loss for the six months ended February, 1986, despite significant increases in revenues. AMI's first-half revenues are up by a third at $1.66bn.

"In order to take full advantage of the opportunities presented to us in the health care market, AMI is focusing its efforts on the development of intergrated health care service networks in key US markets," *Mr Weisman said yesterday.* "As a consequence, a number of AMI activities are being curtailed, reduced or divested."

AMI owns, operates and *develops hospitals and health* care systems in 500 different locations around the world.

Some $115m of the write-downs reflect the current market value of various properties of which $50m covers the group's international business.

*AMI says that the US govern*ment continues to reduce expenditures for health care. Health insurance programmes are gradually transferring a larger share of health costs to patients, which many average citizens are unable to bear. At *the same time,* malpractice claims have increased related insurance costs dramatically.

In view of these problems, AMI says that the other $60m of write-downs involves additions to the company's reserves in several areas. Mr Weisman *said he was determined to* "take the steps necessary to translate our strong revenue growth into improving profitability."

Control Data in talks to sell Ticketron subsidiary

BY OUR FINANCIAL STAFF

CONTROL DATA, the beleaguered US computer and peripherals group, has taken a significant step towards raising much-needed cash by entering contract negotiations to sell its Ticketron entertainment-ticketing unit.

The talks are with Allen & Co, the New York-based investment bank. No details were disclosed on the price for any deal that may emerge, but analysts have estimated that the unit may fetch $200m.

Minneapolis-based Control Data said yesterday that it had informed the Missouri State Lottery of the negotiations. Ticketron has been involved with the state in a proposal to develop and operate its on-line lottery.

In February Control Data reached a debt restructuring agreement covering about $380m of its debt. The plan called for the company to pay to lenders some of the proceeds from the sale of Ticketron, which has annual revenues of more than $100m

Control Data lost $567.5m in 1985, reflecting the downturn in the US computer industry and heavy restructuring charges. The group has already sold large parts of its Commercial Credit unit's loan portfolio, and in December announced the sale of its direct equipment finance portfolio to Sanwa Bank of Japan.

ITT buys rest of Rovsing

BY QUENTIN PEEL IN BRUSSELS

ITT Europe, the Brussels-based arm of the US multinational, confirmed yesterday that it had acquired the outstanding shares in Rovsing, the Danish computer network manufacturer.

ITT bought its original 44 per cent stake, and took over management control, when Rovsing ran into financial difficulties in 1984. It has *now* bought the 56 per cent of the company owned by other shareholders.

Officials at ITT declined to put any price on the deal, but said the Danish company had a great deal of experience in an area which fitted very well with ITT's other interests.

The US company has just launched a *drive to win a bigger* share of the business information and office systems market, an area where it has hitherto lagged behind rivals like IBM. Its major business in Europe is in telecommunications, including central exchanges and switchboards.

Before its bankruptcy in 1984, Rovsing employed around 1,200 people and had a turnover in excess of DKr 600m ($70.7m). It is understood to have run up losses of DKr 115m for 1985.

Thyssen unit's sales grow

BY RUPERT CORNWELL IN BONN

THYSSEN INDUSTRIE, the engineering arm of the West German steel and industrial group, is expecting sales to grow by around 7 per cent in its financial year to September. In the first five months of 1985-86, turnover increased by 4 per cent to DM 2.2bn ($961m).

Mr Werner Bartels, chief executive, told shareholders at yesterday's annual meeting that new orders booked between last October and this February fell slightly from the comparable 1984-85 level to DM 2.4bn. But he forecast that total orders for the full year might exceed the DM 6bn mark.

Thyssen Industries, 90 per cent owned by Thyssen AG, achieved a major profits turnround last year, transforming a 1983-84 loss of DM 45m into net earnings of DM 67m, despite total sales that were scarcely changed at DM 5.16bn. The 10,000 small shareholders who hold the remaining 10 per cent of the company are likely to receive a 1984-85 dividend of DM 5 per DM 50 nominal share.

Mr Bartels made clear that problems at its shipbuilding offshoot Nordseewerke - Werft would continue to influence Thyssen Industrie results this year. But earnings both at home and abroad are likely to improve further in 1985-86, due to the continuing strong demand for German engineering products.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		May		Aug.		Nov.		
GOLD C	$340	20	18,50	—	—	—	—	$ 348,75
GOLD C	$360	83	8,50B	—	—	—	—	"
GOLD P	$320	70	1	110	5,50	100	6,80	"
GOLD P	$330	35	4	20	7.50	50	10	"
GOLD P	$340	—	—	—	—	20	13	"
GOLD P	$360	—	—	—	—	20	22	"
GOLD P	$370	—	—	—	—	10	27	"
		Mar.		June		Sept.		
£/FL C	Fl.370	60	5.10	—	—	—	—	Fl.374,25
£/FL C	Fl.380	43	1	47	4.80	2	6.30	"
£/FL C	Fl.385	—	—	10	3.50 A	—	—	"
£/FL C	Fl.400	—	—	—	—	13	1.80	"
$/FL C	Fl.250	200	5.70	3	9.50	—	—	Fl.254,75
$/FL C	Fl.255	25	2.10	2	6.90	1	9.20 B	"
$/FL C	Fl.260	134	0.80	25	5.30	24	7.40	"
$/FL C	Fl.265	25	—	16	3.60	102	5.50	"
$/FL C	Fl.270	—	—	7	2.30	—	—	"
$/FL C	Fl.275	—	—	5	1.50	6	3	"
$/FL P	Fl.240	—	—	—	—	10	5	"
$/FL P	Fl.245	457	0.70	43	4.60	—	—	"
$/FL P	Fl.250	90	0.90	52	6.70	13	9.20	"
$/FL P	Fl.255	95	2.50	139	8.50	10	11.70	"
$/FL P	Fl.260	13	6	—	—	—	—	"
$/FL P	Fl.275	6	19	—	—	—	—	"
$/FL P	Fl.285	—	—	20	31.50	—	—	"
		Apr.		July		Oct.		
ABN C	Fl.600	271	8,50	39	20	—	—	Fl. 583
ABN P	Fl.560	69	4.30	17	17.50	2	25.60	"
AEGN C	Fl.125	46	0.30	95	2	—	—	Fl. 106,50
AEGN P	Fl.95	15	0.50	20	2.30	2	3	"
AH C	Fl.85	131	1.50 B	61	4	20	5.50 B	Fl. 79,10
AH P	Fl.75	250	1.20	11	3.70	—	—	"
AKZO C	Fl.160	522	11.30	180	13.10	—	—	Fl.169.80
AKZO P	Fl.170	266	4.60	66	9.60	70	12	"
AMEV C	Fl.80	26	3.30	55	6	—	—	Fl. 78,60
AMEV P	Fl.75	20	1.20	12	2.90 A	10	5.20	"
AMRO C	Fl.110	287	2.70	116	7	1	9.20	Fl.108,78
AMRO P	Fl.105	86	2.80	115	6.30 A	46	7.30	"
GIST C	Fl.270	35	12	1	19	—	—	Fl.273,50
GIST P	Fl.260	38	3.50	14	8,80	—	—	"
HEIN C	Fl.220	22	13.50B	237	17	—	—	Fl.232
HEIN P	Fl.220	98	2	33	4.80	—	—	"
HOOG C	Fl.90	540	4.10	193	6.50	73	9	Fl. 91,30
HOOG P	Fl.90	147	2.30	88	5.20	25	7.20	"
KLM C	Fl.55	441	1.50	304	3.70	35	6	Fl. 51,70
KLM P	Fl.50	467	1.80	353	3.20 B	40	4.10	"
NEDL C	Fl.230	—	—	—	—	264	6.50	Fl.185,28
NEDL P	Fl.180	51	4.30	15	16.50 A	—	—	"
NATN C	Fl.80	46	3.20	15	5.10	1	7.40	Fl.81
NATN P	Fl.75	38	0.80A	5	2.50	—	—	"
PETR C	Fr.7500	15	100	—	—	—	—	Fr. 7050
PETR P	Fr.7500	20	390	—	—	—	—	"
PHIL C	Fl.65	329	1.40	291	3.30B	56	5.50	Fl. 62,80
PHIL P	Fl.60	235	0.70	76	2.70	3	3.50	"
RD C	Fl.170	1024	12.80	1792	14	165	15.50	Fl.180.70
RD P	Fl.180	1210	4.20	830	12	282	14	"
ROBE C	Fl.90	5	1.10	16	2.90A	—	—	Fl.89.80
ROBE P	Fl.85	15	0.80	—	—	—	—	"
UNIL C	Fl.400	639	18.80B	79	28.50	34	37	Fl.409
UNIL P	Fl.400	197	7	25	19.50	1	22.50B	"

TOTAL VOLUME IN CONTRACTS: 38,920.

A=Ask B=Bid C=Call P=Put

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Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord. ..	134	—	7.3	5.4	8 2	7.7
151	121	Ass. Brit. Ind. CULS ..	139	—	10.0	7 2	—	—
75	43	Airsprung Group	71	—	6.4	9.0	11.8	15.4
46	33	Armitage and Rhodes...	35	—	4.3	12.3	4.3	5.2
173	108	Bardon Hill	173	—	4.0	2.3	21.9	22 8
64	42	Bray Technologies ...	56	—	3.9	7.0	6 8	7.9
201	136	CCL Ordinary	138	—	12.0	8.7	3.4	3.2
152	97	CCL 11pc Conv. Pref.	99	—	15.7	15.9	—	—
140	80	Carborundum Ord.......	140	—	4.9	3.5	6.9	10.9
94	83	Carborundum 7.5pc Pf.	91	—	10.7	11.8	—	—
65	46	Deborah Services	57xd	—	7.0	12.3	5.9	7.8
[illegible]	[illegible]	Frederick Parker Group	23	—	—	—	—	—
105	50	George Blair	105	+ 2	—	—	4.3	7.8
68	20	Ind. Precision Castings	63	− 1	3 0	4.8	16.6	13.9
218	161	Isis Group	165	+ 1	15.0	9.1	12.7	19.0
122	101	Jackson Group	120	+ 2	5.5	4.6	8.1	8.1
345	228	James Burrough	344	− 1	15.0	4.4	10.9	10.9
95	85	James Burrough 9pc Pf.	94xd	—	12 9	13.7	—	—
95	63	John Howard and Co.	63	—	5.0	7.9	5.0	7.9
1200	570	Minihouse Holding NV	1130	−70	6.9	0.6	49.3	46.9
82	32	Robert Jenkins	67	+ 1	—	—	8.7	19.1
34	28	Scruttons "A"	30	—	—	—	—	7.7
87	66	Torday and Carlisle ...	69	—	5.0	7.2	3.5	6.3
370	320	Travian Holdings	320	—	7 9	2.4	6.9	9.1
53	25	Unilock Holdings	51	—	2.1	4.1	13.9	13.6
138	93	Walter Alexander	138xd	—	8.6	6.2	7.8	9.5
236	195	W. S. Yeates	200	—	17.4	8.7	5.7	9.8

WORLD STOCK MARKETS

WALL STREET

Stocks soar into further record highs

STOCKS SOARED further into record territory on Wall Street yesterday, as interest rates began retreating in belated reaction to the weaker economic data and producer prices reported earlier.

By 1 pm the Dow Jones Industrial Average was up 22.03 to a record 1775.74, for a rise of 75.91 on the week, while the NYSE All Common index, at a record $135.40, rose 92 cents on the day and $5.02 on the week. Advances led declines by a nine-to-five majority in a volume of 128.93m shares.

The rally's momentum is "like a rolling stone," said George Pirrone, of Dreyfus Corp. He said that the market could continue higher before any correction takes place, and the pullback "won't be of any size."

Insurance and many Consumer related issues, including Pharmaceuticals and Tobacco concerns, were up sharply.

Storage Technology led the actives, down $⅞ to $4⅛—a Press report suggests that the company's shareholders may not fare well in the pending *reorganisation.*

Bristol Myers were 1⅞ higher at $70⅜ — two Wall Street analysts reaffirmed buys.

CBS advanced $2¼ to $139⅜ after telling analysts it sees a profit in the first quarter.

Taft fell $1⅞ to $93½ and **Capital Cities** $2 to $243.

Coca Cola jumped $3 to $107, and **Upjohn** $3⅞ to $158.

Philip Morris spurted a *further $4¼ to $117¼* as news spread that an Appeals Court had overturned a ruling that internal corporate documents should be made available to the public. Analysts say the ruling *may discourage further cigarette* liability lawsuits by making it more expensive to obtain internal corporate documents.

Capital Cities-ABC fell 3⅞ to $241⅛—market sources say the drop is due to an analyst who *lowered his opinion on the stock* to a neutral from a weak buy for the intermediate term.

THE AMERICAN SE Market Value index rose 0.41 to 267.54, making a gain of 7.49 on the week. Volume 16.32m shares.

Aloha moved ahead $3 to $25¼ on a $27.50-a-share takeover offer from Cusapartners, a Texas partnership that controls 15.9 per cent of Aloha common stock.

Closing prices for North America were *not available* for this edition.

CANADA

Stocks fell slightly in busy mid-session trading, weakened by Oil and Bank shares. Declines led gains 362-269.

The Toronto Composite index shed 4.2 *to 2957.5. Oil and* Gas lost 46.0 to 2745.0 and Golds dipped 21.5 to 4214.0.

Dome Petroleum fell 5 cents to $1.95 in actives after saying it *asked lenders for a 14-month* deferral of some interest and principal on its $5.2bn debt, and suspended Preferred share dividends.

Banks *slumped, as* **Canadian Imperial Bank of Commerce** fell $⅞ to $18 and **Toronto Dominion** lost $½ to $23.

TOKYO

Share prices moved sharply higher on extremely heavy volume.

The Nikkei Dow index, which gained 176.53 on Thursday, closed another 102.11 higher at 14,516.77, another record high.

Volume: 1bn (1.3bn) shares.

Traders said that share prices moved higher on the *continued* belief that lower oil and interest rates will help many Japanese companies to improve their profitability.

Issues related to domestic demand continued to move higher such as Real Estates, Utilities and Constructions.

Pharmaceuticals continued to do well, despite the announcement Thursday that the Government will force drug makers to cut the prices on 6,587 drugs an average of 5.1 per cent effective in April.

GERMANY

Share prices rose *from a lack*lustre opening to finish generally *higher after* lively dealings, backed by vigorous foreign buying and declining oil prices.

The Commerzbank index, measured at midday, gained 3.9 to 2,092.4.

Buying from foreigners late in *the session helped wash away* some uncertainties stemming from the dollar's plunge Friday against the Deutsche mark. Despite the gains at the end of the session, *brokers maintained* markets remained nervous *because of cooling economic growth* in the US and the dollar's weakness, which is denting earnings of exporters.

Sharp declines in oil prices *added to hopes* that interest rates will continue to slide as inflation dwindles, allowing the Banking sector to lead gainers, a broker said.

SWITZERLAND

Domestic stocks lower on profit taking as many foreign investors begun to sell after the *dollar had gone down* below the Fr 1.90 level.

Dealers said, however, market mood remained optimistic and many shares, including Swiss*air, closed above* their last weekend prices. But the Swissair bearer, up Fr 5 to 2,100, was well below its record high from Tuesday.

Bearer shares of major Banks and Insurances were generally lower. **Jacobs Suchard** bearer rose Fr 75 to 7,650 on an increased dividend.

Nestle bearer fell Fr 125 to 8,800, despite its "strong" profits.

In the Foreign sector, **Hanson Trust** *finished its first day at Fr 520.*

HONG KONG

Mostly lower after a fairly active session featuring selling by foreign funds and bargain hunting by local interests.

The *Hang Seng* index finished 5.04 off at 1,607.63.

Brokers said foreign fund managers continued to pull out from the local Stock Market, though more slowly than before, because of share price rises in overseas centres such as *New York, London and* Tokyo.

They said the outflow of funds depressed the Hong ong dollar, which, in turn affected Stock Market sentiment here.

AUSTRALIA

Gains were again led by the Industrial sector, which has been bolstered by sharp declines in domestic interest rates and strong earnings reported by Australian companies for the fiscal *first half-year ended December* 31.

Transportation, Insurance and Media shares showed the best gains, while Oils were generally weaker and Minings were mixed.

The All Ordinaries indxe rose *3.7 to 1089.5 a record high close* for the third day running. The All Industrials indxe moved up 8.6 to a record 1730. The All Resources eased 0.3 to 602.5, while the Gold *index firmed 4.0 to* 944.4. Turnover was *72.8m* shares worth A$108.6m.

Adelaide Steamship put on 50 cents to A$15 on its increase of *106.5 per cent to A$5.7m plus* a one-for-four freee scrip issue.

The recetly merged retailing group, **Coles Myer** advanced 20 cents to A$4.68 on its 7.8 per cent profit *increase for the fiscal first* half to A$115.3m.

Bell Resources fell 36 cents to A$5.14 after buying by **Broken Hill Proprietary Company's** house brokerage, J. B. Were and Son, dried up. Bell Resources is attempting a partial takeover bid for **BHP**, off 6 cents as A$6.34.

Elders IXL shed 7 cents to *A$3.48* — it sold its 6 per cent stake in British takeover target *Allied-Lyons* for a reported A$80m profit.

M. I. M. Holdings *were off* 4 cents to A$2.46 — it merged its metal trading brokerage *Henry Bath and Son with* Metallgesellschaft.

MILAN

Sharply lower as operators took profits, *apparently in re*sponse to a statement by Treasury Minister, Giovanni Goria, that the market was overbought.

CANADA

Stock	Mar. 13	Mar. 12
AMCA Intl.	18⅜	19⅛
Abitibi	26	26
Agnico Eagl.	23⅝	23½
Alberta Energy	12⅝	13⅛
Alcan Aluminium	47⅜	47⅝
Algoma Steel	17⅞	17½
Bank Montreal	29⅝	30⅝
Bank Nova Scotia	13½	13⅜
BCE	39¼	39½
Bombadier A	17½	17½
Bow Valley	11⅞	12¼
BP Canada Res	28¼	28
Brascan A	47¼	46½
Brinco	30	35
B. C. Forest	14⅜	14⅝
Cilinc	34	34⅞
Cadillac Fairview	15¾	15⅝
Campbell Red L.	26⅞	27¼
Can. Cement Pt.	15⅝	15¼
Can. NW Energy	15¼	16½
Can. Packers	37	36½
Can Trustco	49	46¾
Can. Imp. Bank	18⅝	18¾
Can. Pacific	18⅝	18⅛
Can. Tire C	14⅛	14⅜
Canfor	14½	14¼
Carling O'Kfe	13½	13⅝
Chieftain	9⅜	9½
Cominco	12⅜	12⅜
Conigas Mines	4.55	4.55
Cons. Bathst. A	24⅜	24¼
Coremark Int.	6⅞	6⅝
Costain	12½	12⅜
Denison Mines A	10⅝	10½
Dofasco Inc	31⅛	30⅞
Dome Mines	12⅞	13
Dome Petroleum	2.00	2.24
Domtar	29¾	30⅛
Falconbridge	24⅛	24⅜
Fed. Inds. A	15	15½
Gendis A	58⅛	58¾
Genstar	44⅝	45⅜
Giant Y'knife	22⅛	22
Gt. West Life	5.00	5.00
Gulf Canada	16⅝	16⅝
Hawker Sid. Can.	25½	25½
Hudson's Bay	27⅞	27¼
Husky Oil	8¼	8¼
Imasco	29⅞	30¾
Imperial Oil A	46⅝	47⅛
Inco	21⅛	21¼
Indal	24	24⅛
Interprov. Pipe	39½	39½
Labatt (John)	38⅛	39⅛
Lac Minerals	22½	23
Loblaw	27	27⅛
Macmil Boedel	29¼	29½
Magna Intl.	28¾	28⅞
Marks & Spencer	14⅞	14⅞
Massey Ferguson	2.85	3.10
McIntyre Mines	45	42¼
Mitel Corpn	7¾	7¾
Molson A	25⅜	25⅝
Moore Corp	35⅝	35⅜
Nat. Bank Can.	24¾	25¾
Nat. Sea Prods. A	17¼	17¼
Noranda Inc.	18	18½
Norcen Energy	13¾	13⅞
Nth. Telecom	40½	40¼
Nova Alberta	6	6
Numac Oil & Gas	9⅜	9½
Oakwood Pet	5¾	6
Pan Can Pet	25	25⅜
Placer Dev	24⅛	24⅝
Power Corp	27½	28½
QuebecSturgeon	4.50	4.75
Ranger Oil	4.50	4.60
Reed Stenh'se A.	51¾	51⅜
Rio Algom	27	27½
Royal Bank Can.	30⅝	30¾
Royal Trust A	30¼	30¾
Sceptre Res	2.95	3.10
Seagram	75¼	75
Sears Can. A	13	13⅝
Shell Can. A	22⅜	22¼
SHL System'hse	16¼	15
Stelco A	27⅛	27¾
Teck B	25⅛	24⅝
Texaco Canada	25⅞	27⅞
Thomson News A	27¼	28
Toronto Dom. Bk	23½	23⅞
Transalta A.	27	26⅝
Trans. Can. Pipe	17⅞	18⅜
Walker Hiram	27⅞	28⅜
W. Coast Trans	14⅛	14½
Weston (Geo)	126	129

NEW YORK

NEW YORK INDICES

TRADING ACTIVITY

NEW YORK ACTIVE STOCKS

AUSTRIA

GERMANY

NORWAY

AUSTRALIA (continued)

JAPAN (continued)

BELGIUM/LUXEMBOURG

SPAIN

DENMARK

ITALY

SWEDEN

HONG KONG

FRANCE

SWITZERLAND

NETHERLANDS

AUSTRALIA

JAPAN

SINGAPORE

SOUTH AFRICA

CURRENCIES and MONEY

FOREIGN EXCHANGES

Oil fears depress dollar

The dollar fell to its lowest closing level against the yen in currency markets yestrday. The weaker trend was started in Far Eastern markets as a further decline in oil prices increased worries about US banks' exposure to debts with oil exporting nations such as Mexico. It closed at Y176.95 down from Y179.90 on Thursday.

The dollar's fall against the yen was not repeated to the same extent against other currencies and the sharp decline in yen terms may have been exacerbated by a suggestion that withholding tax should be re-introduced on interest paid to foreign holders of US bonds. This was clearly unpopular in Tokyo. Against the D-mark it fell to DM 2.2620 from DM 2.2955 and SFr 1.9020 compared with SFr 1.9320. It was also lower against the French franc at FFr 6.96 from FFr 7.06. On Bank of England figures, the dollar's exchange rate index fell from 118.6 to 117.3.

Trading was extremely nervous ahead of tomorrow's Opec meeting in Geneva and although the dollar finished above the day's lows, it still retained a very bearish undertone. US economic data released yesterday provided litle comfort with industrial production falling 0.6 per cent compared with an expected rise of 0.1 per cent.

Sterling stabilised after early losses but still finished well down on the day. Its exchange rate index opened at 74.2 down from 74.6 on Thursday and closed at 74.3. A decline in North Sea oil prices created further nervousness ahead of the Opec meeting and despite the pound's fairly strong undertone, there was litle incentive to take out fresh positions ahead of the weekend. Next week's UK budget and the prospect of an early reduction in UK clearing bank base rates appeared to have litle effect. The pound closed at $1.4640 against the dollar, a rise of 45 points. It was lower against the D-mark however at DM 3.3125 from DM 3.3500 and Y259.00 compared with Y262.50. Elsewhere it slipped to SFr 2.7850 from SFr 2.8200 and FFr 10.1875 from FFr 10.3050.

£ IN NEW YORK

Close	Mar. 14	Prev. close
£ Spot	$1.4610-1.4620	$1.4540-1.4550
1 month	0.63-0.60pm	0.59-0.57pm
3 months	1.54-1.49pm	1.53-1.51pm
12 months	4.55-4.40pm	4.53-4.46pm

Forward premiums and discounts apply to the US dollar.

STERLING INDEX

	March 13	Previous
8.30 am	74.2	74.8
9.00 am	74.4	74.8
10.00 am	74.3	74.5
11.00 am	74.3	74.6
Noon	74.3	74.3
1.00 pm	74.3	74.5
2.00 pm	74.3	74.7
3.00 pm	74.3	74.7
4.00 pm	73.3	74.6

POUND SPOT—FORWARD AGAINST POUND

March 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4600-1.4695	1.4635-1.4645†	0.57-0.55c pm	4.59	1.53-1.49 pm	4.13
Canada	2.0391-2.0479	2.0391-2.0427	0.01cpm-0.09dis	−0.25	0.39-0.25 pm	0.63
Nethlnd.	3.72¼-3.75¾	3.73¼-3.74¼	2¼-2c pm	6.82	5⅞-5½ pm	6.09
Belgium	67.56-68.09	67.75-67.85	4c pm-8 dis	−0.35	17.4 pm	0.62
Denmark	12.22½-12.26¾	12.23¾-12.24¾	3⅞-3¼ore pm	3.43	10½-9½ pm	3.25
Ireland	1.0940-1.1000	1.0985-1.0995	0.30-0.45p dis	−4.09	0.75-1.05dis	−3.28
W. Ger.	3.30-3.31¼	3.30¾-3.31¾	2¼-2pf pm	7.70	6¼-5⅞ pm	7.25
Portugal	216¼-218¼	217-218	165-465c dis	−17.38	425-1230ds	−15.22
Spain	208.40-209.85	209.41-209.85	10-50c dis	−1.72	65-175 dis	−2.19
Italy	2248-2286¼	2250½-2251½	11-15lire dis	−6.93	29-34 dis	−5.60
Norway	10.41-10.48	10.41-10.42	½-1½ore dis	−0.36	3½-4½ dis	−1.54
France	10.15¾-10.23½	10.18¾-10.19¾	2½-4¼c dis	−3.90	5½-7⅞ dis	−2.58
Sweden	10.55¾-10.60¾	10.57¾-10.58¾	1-½ore pm	0.85	2¼-1½ pm	0.71
Japan	257½-260½	258½-259½	1.38-1.29y pm	6.19	4.01-3.86 pm	6.08
Austria	23.17-23.25	23.17-23.22	13¾-12½gro pm	6.79	34¼-30⅞ pm	5.63
Switz.	2.77½-2.79¼	2.78-2.79	2-1¾c pm	8.08	5⅞-5¼ pm	7.81

Belgian rate is for convertible francs. Financial franc 68.60-68.70. Six-month forward dollar 2.65-2.60c pm.. 12-month 4.50-4.40c pm. † Correction (March 13): £-$ close was 1.4590-1.4600.

CURRENCY RATES

March. 14	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.785948	0.652793
US $	7	1.15220	0.955689
Canadian $	11.74	*	1.33290
Austria Sch	4	N/A	15.1381
Belgian Fr	9¾	53.3037	44.2366
Danish Kr	7	9.62087	7.98478
D'mark	3½	2.60374	2.15985
Guilder	4½	2.93696	2.43768
French Fr	9½	N/A	6.64491
Lira	15½	1772.08	1470.09
Yen	4	205.820	168.584
Norway Kr	8	8.21519	6.80451
Span'h Pta.	—	164.016	136.157
Swedish Kr	8½	N/A	5.89912
Swiss Fr	4	2.18826	1.81696
Greek Drch	20½	162.552	134.255
Irish Punt	—	N/A	0.714534

* CS/SDR rate for March 13: 1.59729

DOLLAR SPOT—FORWARD AGAINST DOLLAR

March 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4600-1.4695	1.4635-1.4645	0.57-0.55c pm	4.59	1.53-1.49 pm	4.13
Ireland†	1.3225-1.3402	1.3370-1.3390	0.90-0.75c pm	7.40	2.20-1.90 pm	6.13
Canada	1.3890-1.3958	1.3880-1.3900	0.54-0.58c dis	−4.82	1.20-1.25dis	−3.51
Nethlnd.	2.5410-2.5595	2.5520-2.5530	0.42-0.39c pm	1.91	1.25-1.21 pm	1.93
Belgium	46.13-46.40	46.25-46.35	18-22c dis	−5.19	35-40 dis	−3.24
Denmark	8.32¾-8.38¾	8.36-8.36½	¼ore pm-½ dis	−0.18	¼ pm-¼ dis	—
W. Ger.	2.2490-2.2680	2.2615-2.2625	0.58-0.53pf pm	2.95	1.78-1.73 pm	3.11
Portugal	148-149	148½-149	200-400c dis	−24.20	550-1050ds	−21.51
Spain	141.95-142.70	142.10-152.30	60-100c dis	−6.74	180-230 dis	−5.76
Italy	1533½-1543½	1537-1538	16-16lire dis	−12.10	37½-39 dis	−9.95
Norway	7.10-7.15¾	7.11¼-7.11¾	3⅞-3½ore dis	−5.57	10-10½ dis	−5.74
France	6.93-6.97¾	6.95¾-6.96¼	4-4½c dis	−7.34	10-11 dis	−6.04
Sweden	7.20-7.24	7.22½-7.23	2¼-2½ore dis	−3.95	6-6½ dis	−3.46
Japan	175.85-177.85	176.90-177.00	0.26-0.23y pm	1.67	0.88-0.84 pm	1.95
Austria	15.80-15.88½	15.83-15.85	3-2gro pm	1.89	7-5 pm	1.51
Switz.	1.8910-1.9085	1.9015-1.9025	0.58-0.54c pm	3.57	1.79-1.74 pm	3.72

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 46.85-46.95.

CURRENCY MOVEMENTS

Mar. 14	Bank of England Index	Morgan Guaranty Change %
Sterling	74.3	−17.5
U.S. dollar	117.3	+8.4
Canadian dollar	78.8	−12.0
Austrian schilling	125.9	+7.3
Belgian franc	94.3	−8.2
Danish Kroner	85.5	−1.6
Deutsche mark	134.2	+13.9
Swiss franc	155.1	+14.2
Guilder	123.7	+8.6
French franc	71.4	−10.4
Lire	46.3	−17.9
Yen	194.6	+43.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

EURO-CURRENCY INTEREST RATES

Mar. 14	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	13¼-13½	12¾-13	11 13/16-12 1/16	11⅝-11¾	11 11/16-11 13/16	10⅞-11
U.S. Dollar	7⅜-7½	7 7/16-7 9/16	7 7/16-7 9/16	7⅜-7½	7 7/16-7 9/16	7⅜-7½
Can Dollar	12¼-12¾	12½-12¾	11¾-12	10 9/16-10 13/16	9¾-10	9 7/16-9 11/16
D Guilder	5½-5⅝	5¼-5⅜	5½-5⅝	5 7/16-5 9/16	5 7/16-5 9/16	5 7/16-5 9/16
Sw. Franc	2½-2¾	2¼-2½	3 15/16-4 1/16	3¾-3⅞	3 11/16-3 13/16	3 11/16-3 13/16
Deutschmrk	4 5/16-4 7/16	4 5/16-4 7/16	4½-4⅝	4⅜-4½	4 5/16-4 7/16	4 5/16-4 7/16
Fr. Franc	8¼-8½	12½-13½	14-14½	13-13½	11½-12	10-10½
Italian Lire	15-17	18½-20	18⅝-19½	16⅞-17⅝	16-16½	14⅝-15¼
B.Fr.(Fin)	10-10¼	9¾-10	9⅝-9⅞	9⅝-9⅞	8⅞-9⅛	8½-8¾
B.Fr.(Con)	9¼-9¾	12-14	11½-13	10⅝-11⅛	9½-10	8½-9
Yen	5 5/16-5⅝	5⅞-5 15/16	5 13/16-6⅛	5 5/16-5⅝	5 5/16-5⅜	5¼-5⅜
D. Krone	8½-9	8⅞-9⅜	8½-9	8-8½	7¾-8¼	7¾-8¼
Asian $ (Sng)	7½-7⅝	7½-7⅝	7 7/16-7 9/16	7⅜-7½	7⅜-7½	7 7/16-7 9/16

Long-term Eurodollars: two years 7⅝-7⅞ per cent; three years 7¾-8 per cent; four years 8-8¼ per cent; five years 8 3/16-8 7/16 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Mar. 14	£	$
Arg'tina.	1.1728-1.1795	0.8000-0.8010
Aus'alia	2.0840-2.0807	1.4205-1.4220
Brazil	20.15-20.45†	13.77-13.85
Finland	7.4765-7.4985	5.1050-5.1070
Greece	204.92-209.05	139.88-142.71
H'kong	11.4680-11.4780	7.8115-7.8135
Iran	116.85*	88.80*
Kuwait	0.4185-0.4195	0.28550-0.28600
Lux'burg	46.75-46.85	46.25-46.35
Malay'as.	3.6960-3.7010	2.5185-2.5205
N'Z'land	2.7685-2.7785	1.8885-1.8940
Saudi Ar.	5.3540-5.3670	3.6580-3.6620
Sin'pore.	3.1665-3.1720	2.1585-2.1605
S.Af. (Cm)	2.9185-2.9300	1.9920-2.0000
S.Af. (Fn)	4.1270-4.2465	2.8178-2.8985
U.A.E.	5.3760-5.3860	3.6750-3.6800

* Selling rate.

† Correction (March 13): Brazil—£ rate was 20.06-20.17.

EXCHANGE CROSS RATES

Mar.14	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.454	3.313	259.0	10.19	2.785	3.738	2251.	2.041	67.80
$	0.683	1.	2.262	177.0	6.960	1.902	2.553	1538.	1.394	46.30
DM	0.302	0.442	1.	78.19	3.075	0.841	1.128	679.6	0.616	20.47
YEN	3.861	5.653	12.79	1000.	39.33	10.75	14.43	8691.	7.880	261.8
F Fr.	0.982	1.437	3.252	254.2	10.	2.734	3.669	2210.	2.003	66.55
S Fr.	0.359	0.526	1.189	93.00	3.658	1.	1.342	808.3	0.733	24.34
H Fl.	0.268	0.392	0.886	69.30	2.726	0.745	1.	602.3	0.546	18.14
Lira	0.444	0.650	1.472	115.1	4.526	1.237	1.662	1000.	0.907	30.12
C $	0.490	0.717	1.623	126.9	4.992	1.365	1.831	1103.	1.	33.22
B Fr.	1.475	2.159	4.886	382.0	15.03	4.108	5.513	3320.	3.010	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

MONEY MARKETS

UK rates lower

Interest rates were lower in London yesterday despite sterling's weaker trend. Short term rates were also easier as the Bank of England provided more assistance than the published forecast. Three-month interbank money eased to 11⅝-11¾ per cent from 11 11/16-11 13/16 per cent. Weekend money opened at 11¾-14 per cent and eased to 10 per cent before finishing at 13 per cent.

The Bank of England forecast a shortage of around £850m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £888m and the unwinding of previous sale and repurchase agreements a further £313m. There was also a rise in the note circulation of £250m and banks brought forward balances £115m below target. These were partly offset by Exchequer transactions which added £715m.

To help alleviate the shortage,

UK clearing banks base lending rate 12½ per cent since January 9

the Bank offered an early round of assistance which totalled £581m and comprised sale and repurchase agreements on £581m of bills at 12¾-12 13/16 per cent, unwinding on March 19. Further help was given in the morning of £236m through further sale and repurchase agreements at 12¾-12 13/16 per cent, unwinding on March 19. The forecast was revised again to a shortage of around £750m and there was no further assistance by the Bank.

The average rate of discount fell by 0.3740 per cent at yesterday's Treasury bill tender to 11.1596 per cent. The £100m of bills on offer attracted bids of £461.9m and all bills offered were alloted. The minimum accepted bid was £97.215 which was met as to about 75 per cent and above in full. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

In Frankfurt the Bundesbank offered currency swaps to help meet a very large shortage of short-term credit. However, call money remained relatively high at 4.75-5.00 per cent as banks struggled to improve their reserve asset balance with the Bundesbank and at the same time cater for a large switching of funds due to seasonal tax payments. Further sale and repurchase agreements are expected in order to meet the market's shortfall.

FT LONDON INTERBANK FIXING

(11.00 a.m. March. 14)

Three months U.S. dollars		Six months U.S. dollars	
bid 7 3/8	offer 7 1/2	bid 7 3/8	offer 7 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

MONEY RATES

March 14	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'tin
Frankfurt	4.75-5.00	4.50-4.65	4.45-4.60	4.40-4.55	4.35-4.50	5.5
Paris	8⅝	8¼-8⅜	8¼-8⅜	8⅛-8¼	8⅛-8¼	8¼
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Mar. 14	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Auth'ty Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Depos	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Depos	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Depos	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Depos	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

Markets hesitant as tin crisis continues

BY RICHARD MOONEY

THE LONDON Metal Exchange set the mood for London's commodities fraternity this week — a mood of uncertainty which made for very hesitant trading in most markets.

Wednesday's fixed - price settlement of outstanding tin contracts took the 4½ month-old tin crisis into a new phase. The final abandonment of attempts to rescue the International Tin Council, whose announcement on October 24 that it had run out of money for support buying signalled the start of the crisis, has ruled out a resumption of LME tin trading in the foreseable future.

It is now for the courts to decide who was to blame for the crisis and who is to pay the multi million pound bill. But that decision may come too late to save some of the 24 LME trading companies who between them face losses amounting to £130m.

The possibility that some traders might be forced into bankruptcy has been a serious deterrent to trading among LME members and few have been keen to enter into new contract commitments for other base metals traded on the Exchange. Most of the activity on the markets this week has represented book-squaring and liquidation of outstanding contracts.

There has been no clear price trend and movements have largely reflected currency factors. In copper, however, signs of technical tightness up to the end of this month boosted the cash high grade quotation, which registered a £9 rise on the week to £990.50 a tonne, narrowing its discount against the three-months position by £8.25 to £14 a tonne.

The hesitant mood of the LME seems to have infected the soft commodities markets as well.

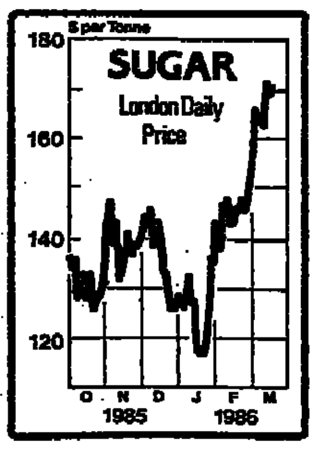
Cocoa had a fidgety week. A continuation of the recent price slide took the May price to a 28-month low of £1,491 a tonne on Monday as the failure of recent Geneva negotiations for a new, price stabilising International Cocoa Agreement remained uppermost in dealers minds.

With fundamental supply/demand factors still decidely bearish and producers active on the physical export market they could see little reason for a reversal in the trend. Some traders, however, thought a technical correction might be due following the £320 decline since the beginning of the year.

Whether or not they were right will remain a mystery, for the time being at least, as an unexpected factor picked up the market on Tuesday when EEC officials reported that the Development Commissioner, Mr Lorenzo Natali, had returned from talks with the Ivory Coast Government in Abidian with the clear impression that they were now ready to return to the negotiating table to seek a new international cocoa pact.

This news was particularly surprising as it had been the Ivory Coast's firm rejection of a pact with "economic provisions" which had doomed the Geneva talks to failure.

The May price responded with a £52.50 rise, the first substantial advance for some time. But this was virtually wiped out the next day as dealers' doubts about the Ivorians' real intentions came to the fore. They evidently found the apparent switch in attitude from the determined stance taken in



Geneva more than a little hard to swallow.

But this was not the end of the story. On Thursday a communique appearing to confirm Mr Natali's impression was published in Abidjan. Tuesday's rise was duly reinstated and, following a modest decline yesterday, May cocoa ended the week £36 higher on balance at £1,536.50 a tonne.

The coffee market continued nervous. An early rise was soon wiped out and the May position on the London futures market ended £7 up on the week at £2,562.50 a tonne.

In the absence of physical activity or significent crop news the market appears to lack direction. But following the dramatic movements earlier in the year traders are watching anxiously so as not to be left behind by any decisive move out of the current trading range.

The sugar market turned in another strong performance as continued producer demand lifted values to the highest level for 16 months. The London daily raws price moved up $8 to $171 a tonne while futures prices put on about $12.

Buying interest for white sugar was reported from Pakistan and Bangladesh and there was talk of India returning to the market for another 100,000 tonnes. Bahrain is holding a buying tender for 10,000 tonnes of whites today and Syria is seeking 24,000 tonnes as a tender scheduled for Tuesday.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985/86 High	1985/86 Low
METALS					
Aluminium					
Free Markets c.i.f.	$1275/1295	+35	$1145/1165	$1275/1295	$975/995
Antimony					
Free Market 99.6%	$2650/2700	—	$2650/2750	$5075/5150	$2550/2650
Copper-Cash High Grade	£990.5	+9	£1289.5	£1339	£914
3 months Do. Do.	£1004.5	+0.75	£1305.5	£1331.75	£934.75
Gold per oz.	$346.75	+4	$291.25	$362	$284.7
Lead Cash	£246.5	−4	£326.5	£391.5	£246.5
3 months	£255.25	−5	£334.88	£353.5	£255.25
Nickel market c.i.f. 16					
Free	191/211c	+4	233/263c	252/282c	$175/195q
Palladium	$110.50	+3.5	$111.75	$129.65	$92.25
Platinum per oz	$410	+5.75	$251.50	$423.50	$244.25
Quicksilver (76 lbs)	$220/235	—	$290/300	$300/310	$210/230
Silver per oz	386.80p	+1.90	534.35p	575.90p	381.75p
3 months per oz	399.50p	+1.95	51.575p	594.40p	392.50p
Tin cash	†	—	£10,212.5	£10,325	£8507.5
3 months	†	—	£10,212.5	£10,232.5	£8422.5
Tungsten Ind.	$62.78	—	$76.55	$83.85	$63.71
Wolfram (22.04 lb)	$58/60	−3.5	$75/78	$76/78	$53.61
Zinc cash	£421	−6.5	£842.5	£857.5	£372.5
3 months	£433.5	−9	£822.5	£855	£392.5
Producers	$650/670	—	$900/940	$960	$650/670
GRAINS					
Barley Futures	£116.05	+0.50	£116.55	£118.80	£96.00
Maize French	£142.00	−1.5	£149.00	£152.20	£129.50
WHEAT Futures	£118.25	−0.20	£118.15	£124.95	£96.80
SPICES					
Cloves	$4,675	−50	$4,000	$4,950	$3,200
Pepper white	$6,350	−150	$5,350	$6,700	$3,300
black	$4,200	−50	$2,425	$4,400	$2,200
OILS					
Coconut (Philippines)	$265x	+10	$840	$950	$235
Palm Malayan	$260u	—	$600	$700	$230
SEEDS					
Copra (Philippines)	$190x	+10	$545	$575	$180
Soyabeans (U.S.)	$221.8v	—	$243	$255.4	$207.5
OTHER COMMODITIES					
Cocoa Futures May	£1536.5	+36	£2091.5	£2,266.5	£1,484
Coffee Futures May	£2562.5	+7	£2,455.5	£3,007.5	£1487.5
Cotton Index	53.0c	−0.4	67.05c	71.95c	47.70c
Des. Coconut	†	—	£1175	£1,260	£510
Gas Oil Fut. April	$136.25	−7.5	$225.75	$278.25	$133.75
Jute LJA BWC grade	$290	—	$890	$945	$290
Rubber kilo	59.5p	−2	70p	70p	55p
Sisal No. 3L	$595	—	$640	$670	$500
Sugar (Raw)	$171x	+8	$114	$171	$82
Tea (quality) kilo	202p	+10	290p	345p	160p
(low med) kilo	118p	+4	198p	255p	90p
Wooltops 64s Super	414p kilo	—	620p Kilo	526p kilo	389 kilo

† Unquoted. (g) Madagascar. (x) March-April. (v) April. (y) April-May. (u) May.

SOYABEAN MEAL

	Yesterday close £ per tonne	+ or —	Business Done
Apr	138.6-140.0	−0.25	—
June	152.8-153.5	−0.60	155.8-152.5
August	150.0-150.4	−0.55	129.5
October	151.0-151.5	−0.50	131.0
Dec.	152.8-155.0	−0.75	—
Feb.	155.0-155.0	−0.25	—
Apr	156.0-157.0	+1.50	—

Sales: 512 (556) lots of 20 tonnes.

MEAT

Month	PIGMEAT Y'day close	+ or —	BEEF Y'day close	+ or —
	p. per kilo (deadweight)			
April	103.00	−1.40	194.00	−0.50
May	102.50	−1.50	191.00	−3.00
June	102.80	−0.30	191.00	−0.50
July	101.60	−0.30	189.50	+4.50
Aug.	101.20	−1.60	184.00	+1.00
Sep.	105.60	−1.20	184.00	+1.00

Pigmeat sales: 11 (5) lots of 50 carcases, 3,250 kg.

Beef sales: 3 (0) lots of 20 sides.

SUGAR

LONDON DAILY PRICE—Raw sugar $171.00 (£116.50), up $2.00 (up 50c) a tonne for March-May delivery. White sugar $196.00, up $4.50.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne F.O.B.		
May	162.8-163.0	160.8-160.8	164.6-161.0
Aug	168.6-169.0	167.0-167.6	170.4-167.8
Oct	172.6-175.0	170.6-171.0	175.0-170.8
Dec	176.0-177.2	174.0-178.0	175.2-176.8
Mar	183.2-183.4	180.6-181.4	185.0-181.0
May	186.4-187.6	184.8-185.4	185.8
Aug	190.4-195.0	189.0-191.4	—

Sales: 1,168 (1,634) lots of 40 tonnes.

Earlies — July 95.50, +2.50, 95.00-94.00; Aug 75.00, −4.50; Sept 70.00, −4.50. Sales: 15 (6) lots of 10 tonnes.

Sales: 4,243 (1,896) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £221.00 (same) a tonne for export.

International Sugar Agreement (US cents per pound fob and stowed Caribbean ports.) Prices for March 13: Daily price 6.79 (6.63); 15-day average 6.19 (6.11).

No. 6 cif contract—May 181.0-1.6; Aug 188.0-9.2; Oct 191.0-2.6. Sales: 848 (769) lots of 50 tonnes.

COCOA

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
March	1542-1548	−5.5	1556-1545
May	1536-1537	−9.0	1548-1527
July	1560-1562	−15.5	1578-1558
Sept.	1588-1591	−15.0	1606-1588
Dec.	1621-1682	−9.0	1628-1618
March	1648-1652	−10.0	1660-1647
May	1670-1682	−9.0	1695-1675

Sales: 2,842 (5,590) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for March 14: 98.38 (98.75); five-day average for March 17: 96.87 (96.24).

RUBBER

PHYSICALS — The London market was quiet throughout the day reports Lewis and Peat. Closing prices (buyers): Spot 59.50p (60.00p); April 58.50p (59.00p); May 59.00p (58.50p). The Kuala Lumpur April fob prices (Malaysia/Singapore cents) per kg: RSS No. 1 was 193.0 (196.0) and for SMR 20 194.0 (196.0).

OIL

Brent and WTI held around the low levels achieved by price falls late on Thursday in the US. Nymex opened 5c up for April, and traded around that level at 1.30 pm EST. Naphtha and gas oil weakened on the back of Thursday's bearish futures, as buyers hesitated before the Opec meeting. Supplies were reported to be adequate. Fuel oil had a quiet day—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—April		
Arab Light	—	—
Arab Heavy	—	—
Dubai	11.25-11.55	+0.05
Brent Blend	12.75-12.85	−1.80
W.T.I. (1pm est)	12.68-12.70	−1.30
Forcados (Nigeria)	14.20-14.40‡	n/a
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	155-160	—
Gas Oil	175-178	−4.5
Heavy fuel oil	88-90	−0.5
Naphtha	120-122	−7.5

‡May

Turnover: 0 (0) lots of 1,000 barrels.

GAS OIL FUTURES

Month	Yesterd'ys Close $ US per tonne	+ or —	Business Done
April	150.25	−9.25	154.50-50.00
May	136.25	−9.75	139.75-34.50
June	131.25	−9.25	133.00-27.75
July	129.00	−9.75	130.50-27.00
Aug	132.25	−7.50	132.50-29.50
Sep.	135.00	−9.00	135.00-32.00
	—		—

Turnover: 3,312 (3,187) lots of 100 tonnes.

CRUDE OIL FUTURES—Brent Blend Index. $ a barrel. (Close, change, business done): Index 14.68, +0.85; April 12.80-13.90; May 11.80-13.00; June 11.50-13.50; July 11.83-13.89.

COFFEE

Trading was confined to a £35 range as a lack of fundamental and technical news could not inspire the market. Overhead physical hedge selling stopped the market from attempting any rallies, reports Drexel Burnham Lambert.

WEAKNESS IN OIL prices prompted early selling in gold on expectations that the forthcoming Opec meeting may not yield any production cuts, but weakness in the dollar provided support, reports Heinold Commodities. The sharp drop in the producer price index encouraged selling in silver but, like gold, sivler found some support on dollar weakness. Copper attracted buying on expectations that consumption of industrial commodities will pick up as prices fall, as indicated in the producer price index. Sugar advanced into buy stops and achieved new contract highs. Cocoa lost some of its optimism about a new cocoa pact but again found support on declines on reports that the Ivory Coast may have already sold most of its current crop. Coffee declined on expectations of increased Colombian offerings and continued disappointment over Brazil's decision to leave prices unchanged for April registrations. Cotton attracted light selling on lack of fresh fundamental news. Oil prices were mixed with crude and heating oil under pressure on concerns that the Opec meeting would yield no agreement on production cuts. Wheat remained relatively firm, reflecting the tight statistical stock situation and commercial hedging suggesting additional export interest for old crop wheat.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
March	57.50	—	—	56.90
April	57.80	—	—	57.50
May	58.00	58.20	57.80	57.40
July	58.35	58.56	58.00	57.80
Sept	58.70	—	—	58.20
Dec	59.35	—	—	58.90
Jan	59.55	—	—	59.10
March	60.00	—	—	59.55
May	60.45	—	—	60.00
July	60.90	—	—	60.45

GOLD 100 troy oz; $/troy oz

	Close	High	Low	Prev
March	347.9	—	—	348.2
April	348.9	350.0	347.4	349.2
May	350.7	—	—	350.1
June	352.7	353.9	351.3	353.0
August	356.4	357.0	355.5	356.7
Oct	360.0	360.5	358.0	360.3
Dec	363.9	365.0	362.0	364.2
Feb	367.9	368.6	367.0	368.2
April	371.5	372.5	371.0	371.8
June	375.4	376.8	376.8	375.7
August	379.5	380.7	380.7	379.8
Oct	383.8	384.8	384.8	384.1
Dec	388.3	—	—	388.6

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
April	46.35	46.65	44.70	45.80
May	41.25	42.15	40.25	41.62
June	39.60	40.10	38.60	39.54
July	39.35	39.70	38.50	39.26
Aug	39.90	39.50	38.40	39.40
Sept	40.70	40.50	39.90	40.00
Oct	41.50	40.75	40.75	40.90
Nov	41.60	—	—	41.60
Dec	43.10	43.10	42.80	42.35

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
March	87.90	88.80	87.90	88.85
May	88.05	89.00	87.90	88.30
July	88.15	89.00	88.05	88.25
Sept	86.70	87.90	86.90	86.55
Nov	87.05	87.50	87.50	87.25
Jan	87.50	88.00	87.90	87.80
March	87.95	89.50	88.00	88.10
May	88.40	89.00	89.00	88.60
July	88.80	—	—	88.90

PLATINUM 50 troy oz; $/troy oz

	Close	High	Low	Prev
April	411.8	418.0	410.0	410.2
July	414.6	420.0	413.2	413.[illegible]
Oct	416.6	422.0	416.0	4[illegible]
Jan	419.1	425.0	418.0	4[illegible]
April	421.6	500.0	400.0	420.6

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
March	567.5	572.0	568.0	569.3
April	569.3	—	—	571.3
May	573.0	578.0	571.0	575.0
July	580.2	585.0	578.0	582.3
Sept	587.5	592.0	587.0	589.7
Dec	598.2	603.0	597.0	600.5
Jan	602.1	—	—	604.4
March	609.3	611.0	609.0	611.8
May	616.9	620.5	620.5	619.[illegible]
July	624.6	—	—	627.1

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	High	Low	Prev
May	7.31	7.35	7.19	7.29
July	7.53	7.61	7.46	7.40
Sept	7.64	7.72	7.62	7.52
Oct	7.70	7.82	7.67	7.61
Jan	7.85	7.95	7.95	7.85
March	8.14	8.25	8.13	8.12
May	8.32	8.42	8.23	8.24
July	8.49	8.55	8.49	8.39

CHICAGO

LIVE CATTLE 40,000 lbs: cents/lbs

	Close	High	Low	Prev
April	58.75	58.87	58.40	58.52
June	59.67	59.72	59.30	59.30
August	57.62	57.75	57.32	57.37
Oct	56.72	56.77	56.35	56.37
Dec	58.15	58.20	57.80	57.92
Feb	58.40	58.40	58.00	58.15
April	53.95	58.95	—	58.50

LIVE HOGS 30,000 lbs: cents/lbs

	Close	High	Low	Prev
April	41.10	41.32	40.80	40.97
June	45.20	45.40	45.00	45.25
July	45.57	45.65	45.37	45.37

GRAINS

Business done—Wheat: March 116.00-5.85, May 118.45-8.25, July 119.45-9.25, Sept 99.35-9.20, Nov 102.65-2.30, Jan 105.95. Sales: 197 lots of 100 tonnes. Barley: March 113.90-3.80, May 116.60-6.50, Sept 98.00, Nov 101.50, Jan 105.00. Sales: 37 lots of 100 tonnes.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Mar	115.65	−0.25	113.90	+0.[illegible]
May	118.25	−0.10	116.65	+0.[illegible]
July	119.25	−0.05	—	—
Sept	99.35	−0.30	98.00	−0.1[illegible]
Nov	102.40	−0.55	101.50	−0.1[illegible]
Jan	105.85	−0.30	105.00	−0.1[illegible]

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
April	833/835	836/830	838/839
July	742/743	745/740	745/747
Oct.	854/855	855/850	855/860
Jan.	859/860	—	858/866
April	940/942	/940	935/955
July	820/829	—	810/825
Oct.	885/925	—	850/930
Jan.	885/935	—	895/935
BFI	743.5	—	745.5
Tankers			
Mar.	850/858	860/850	820/835
April	790/810	/809	790/810
May	780/800	/795	785/795
June	730/820	—	740/800
Sept.	950/990	—	940/1000
Dec.	950/995	—	955/1000
BTI.	905.5	—	875.5

Turnover: 162 (53)

Trade selling undermined nearby dry cargo poistions, but short-covering at the close lifted values off the lows. A stronger physical background brought a sharp rise on tanker futures, reports Clarkson Wolff.

[illegible]

LONDON STOCK EXCHANGE

Confident mood continues and FT index rises further to extend gain on week to 52 points

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Feb 24	Mar 6	Mar 7	Mar 17
Mar 10	Mar 26	Mar 27	Apr 7
Apr 1	Apr 10	Apr 11	Apr 21

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equities continued to exude confidence ahead of Tuesday's budget. The FT Ordinary share index closed the first week of a three-week trading Account showing the biggest gain since the current bull phase began in earnest on January 27. It rose 10.1 on the session to extend its rise over the five-day period to nearly 52 points at 1,360.7; this easily surpassed the sharp advances recorded over the six previous weeks.

The reasons for the prolonged mood of optimism were clearly defined. They included the strong possibility of lower interest rates and the more promising *outlook for the economy in* the wake of falling oil prices. Since many trading nations reduced their domestic discount rates, hopes have been high that the UK authorities would allow a cut in bank base rates. Approval for such action is now expected next week either with or shortly after the Chancellor's budget proposals.

Leading shares benefited initially yesterday from Wall Street which, in common with some other international markets, resumed the ascent to record levels. Early business was quite good but attention was *diverted by events elsewhere on the trading floor. This mainly* concerned the closure of the Traded Options market reportedly because of a systems failure. The lack of traditional hedging facilities later influenced the trend of certain blue chip issues which made outstanding gains as further pressure was exerted on dealers' short positions.

The lone weak sector was Oils. Prices fluttered uneasily ahead of the weekend Opec meeting and around mid-morning fell further on unfounded reports of Sheikh Yamani being dismissed from office. A fresh fall in crude prices aggravated the tone and brought closing losses ranging to double figures in the majors.

Government securities improved in the absence of any fresh profit-taking. A brighter tone in US bonds overnight helped promote new demand, *most of which was directed at* longer-dated stocks. Expectations of Government funding were confirmed at 3.30 pm via the announcement of a £1bn issue of Conversion 9 per cent 2000 "A" at £98¼; the stock has been issued to the Bank of England on the basis of £25-paid, with two further payments falling due in the next fiscal year. When dealings resumed after the usual 30-minute recess, longer Gilts held earlier gains extending to ¼.

NatWest feature

Clearing banks surged forward for the third consecutive trading session. Investors, still paying heed to "buy" recommendations from analysts at stockbrokers Rowe and Pitman and Wood Mackenzie, again found stock in short supply and sizeable price gains were attained as a result. As on Thursday, **NatWest** led the way with a fresh leap of 33 making an advance on the week of 89 at 816p. **Lloyds** rose 23 to 586p and **Barclays** improved 15 more at 513p. *Midland closed 13* to the good at 486p. Elsewhere, **Standard Chartered**, recently the subject of vague rumours of a possible bid from Hongkong and Shanghai, moved up 10 to a new peak of 543p. **Bank of Scotland**, meanwhile, put on 12 to 412p and **Royal Bank of Scotland** appreciated 6 at 308p.

Sedgwick, still reflecting disappointment with the annual figures, lost 10 more making a two-day decline of 27 at 385p. Elsewhere, Composite Insurances made a firm showing with GRE closing 7 to the good at 840p and Sun Alliance 5 dearer at 702p; both companies report preliminary figures on April 2. *Commercial Union added 4 at 306p* and **General Accident** firmed 15 at 870p.

Advertising agency **Gold Greenless Trott** staged a successful market debut; the shares offered at 165p, opened at 190p and touched 195p prior to closing at 188p. Among other recently-issued equities, **Wellcome** continued to respond to encouraging reports about its compound which may help with the treatment of AIDS and rose 13 for a two-day gain of 23 to 218p.

Breweries finished the first leg of the extended Account in subdued mood. **Bass** hardened a few pence to 715p—a gain of 20 on *the week—but other leading con*cerns gave modest ground. Regionals also lacked a decided trend. **Boddingtons** attracted *useful support ahead of next* Thursday's preliminary results and improved 5 to 105p, but profit-taking clipped that much from **Wolverhampton and Dudley** at 483p.

Buyers returned for selected leading Building issues. **RMC** rose 12 to 566p and **BPB Industries** firmed 5 to 448p, while **Rugby Portland Cement** put on 4 to 162p as bid rumours revived. Further interest was shown in **AMEC**, 6 higher at 253p, but profit-taking left **George Wimpey** *8 lower at 168p and clipped 4* from **Barratt Developments** at 140p. Elsewhere, a flurry of speculative demand lifted **F. J. C. Lilley** 9 to 88p, while **Raine Industries** revived with a gain of 4½ at 48p *awaiting the outcome* of merger discussions. **Manders** were a firm market at 219p, up 7 and **John Mowlem** rose 10 afresh to 430p in a market short of stock. Press comment stimulated **Federated Housing**, 4 firmer at 90p and **Persimmon**, the same amount better at 172p.

ICI slipped to 990p before picking up on Wall Street influences to close a shade firmer on balance at £10. Among other Chemicals, **William Canning** attracted speculative support and touched 130p prior to closing 10 higher at 128p. **Hickson International** came back 7 to 418p and **Wardle Storeys** slipped a couple of pence to 293p. **Rentokil** edged up a penny to 171p; the annual results are due next Wednesday.

Woolworth at new peak

Takeover speculation continued to surround **Woolworth** which advanced 30 more making a jump of 80 on the week at a new peak of 612p; the annual figures are due at the end of the month. Sears were also the subject of considerable early speculative activity and touched 132p before closing a net 2 better on balance at 128p. **Storehouse** moved up 3 to 325p with the aid of Press comment, while improvements of 4 and 8 respectively were seen in **Burton**, 296p, and **Gussies "A,"** 893p. Among secondary Stores, **Andre De Brett** firmed 3 to 27p in response to an investment recommendation and **World of Leather** rose *9 more to 210p on further con*sideration of the excellent annual results. **Martin Ford**, on the other hand, relinquished 5 to 122p following profit-taking in the absence of any bid developments.

British Telecom drifted off a few pence further to 216p following the third quarter figures, but other leading Electricals rarely strayed from previous closing levels. Elsewhere, **Wordplex** remained a depressed market on the forecast of an annual loss of around £3m and fell 7 more to 48p for a two-day loss of 40. **CASE**, in contrast, rallied that amount to 102p, while a revival of speculative demand *left* **Electronic Rentals** 4 dearer at 56p. **Kode** were also outstanding at 134p, up 9.

A lively week in the Engineering sector finished on a *relatively quiet note*, with demand becoming more selective. News of the revised and agreed offer from IMI left **Martonair** 10 to the good at 640p, with the former 12 higher at 183p. *Simon continued to make pro*gress at 238p, up 12, accompanied by vague talk of a bid from Hawker, while a speculative flurry left **Blackwood Hodge** 6 higher at 55p. **Desoutter** put on 10 more to 288p and **Deritend** were a similar amount up at 240p. **Hopkinson**, the subject of a recent broker's recommendation, gained 12 to 214p. Among the leaders, **Hawker**, 573p, and **Vickers** 433p advanced 10 apiece.

Leading Foods attracted late support and closed on a very firm note. **Unigate** finished 8 higher at 283p and **Rowntree Mackintosh** 12 to the good at 467p. **Cadbury Schweppes** ended 3 dearer at 182p with **Associated British Foods** 6 up at 304p. **S. & W. Berisford** hardened 3 to 201p on news that **Hillsdown Holdings**, 7 lower at 243p, had increased its stake to 10.39 per cent. **Ranks Hovis McDougall**, in which Berisford holds a near 15 per cent stake, firmed 4 to 204p. **Northern Foods**, a dull market recently following a broker's profits downgrading, rallied a couple of pence to 262p. Among secondary issues **Bassett** firmed 5 to 190p, while recently-overlooked **William Morrison** gained 12 to 130p.

Hotels and Caterers continued to feature **Trusthouse Forte** which rose *8 to 192p* for a two-day gain of 17 to 193p on US bid hopes.

Movements in the miscellaneous industrial leaders were usually limited to a few pence either way. However, **Glaxo** were supported and put on ⅜ to £10⅜, while **Hanson Trust** continued to make progress at 181p, up 4. Elsewhere, **Dalgety** rallied 13 to 260p after the previous day's fall on the £25m provision as a result of its involvement in tin *trading; it was announced after*-hours' that the company had agreed to acquire Imperial Group's Golden Wonder subsidiary *for £54m cash.* **Bridport-Gundry**, in contrast, responded afresh to the good interim figures with a fresh rise of 8 at 192p. **Fisons** staged a strong revival after the recent bout of profit-taking and advanced 21 to 528p, while **Low and Bonar** were noteworthy for a rise of 13 at 395p. *Ashley Industrial Trust came to* life with a gain of 8 at 77p, while renewed speculative activity left **Pearson** 12 to the good at 485p. **Turner and Newall**, scheduled to reveal preliminary figures next Thursday, put on 4 further to 189p, but adverse Press mention left **European Ferries** 5 cheaper at 171p. Buyers returned for **Blue Arrow** which advanced 21 to 333p, while **Stat-Plus** were also noteworthy for a rise of 12 at 257p. **Rank Organisation** eased 12 to 520p pending the outcome of its appeal against the Court's ruling on the Granada bid.

AE continued to reflect the *lucrative valve spring order from* Cadillac of the US and jumped 9 more to 187p. Elsewhere in Motors, **Supra** touched 70p before closing only a couple of pence dearer on balance at 62p following the announcement that Throgmorton Investment Management holds a 20.13 per cent stake in the company. **Kennings**, a rising market of late on talk of a bid from New Zealand entrepreneur Ron Brierley, dropped to 155p at one stage on news of an offer from that source via Tozer Kemsley and Millbourn, before rallying to close unaltered at the overnight level of 170p. **Dowty** moved up 4 to 210p, as *did* **Kwik-Fit**, *to* 88p. **Lucas Industries** hardened a couple of pence to 640p.

Publishers **William Collins "A"** jumped 30 more to 353p on further consideration of the results. Elsewhere, USM-quoted **Promotions House** rose 2½ more making a two-day advance of 8¼ at 31½ following the share exchange bid from **WPP** (formerly Wire and Plastic); the latter soared 110 yesterday to 478p.

Haslemere Estates touched 640p prior to closing 5 dearer at 630p following the increased offer of 640p per share cash from Rodamco Property; the revised bid has already gone unconditional in all respects following market purchases by associate Rodamco NV, giving it control of 55 per cent of the Haslemere equity. Elsewhere in the Property sector, **Stock Conversion** came to life and rose 20 to 580p awaiting the outcome of discussions with **Stockley** concerning the latter's 26.5 per cent stake. Demand in a restricted market lifted **Mountleigh** 40 to 700p, while **Rosehaugh** advanced 45 more to 550p. **Bradford Property** were also firm, at 470p, up 20, while gains of 10 were common to **London and Edinburgh**, 610p, and **Regalian**, 440p. Among smaller-priced issues, **Dares Estates** were noteworthy for a rise of 1½ at 9½p.

Fresh strength of **Courtaulds** *stimulated sympathetic demand* for other leading Textiles. **Dawson International** closed 12 to the good at 252p, while consideration of the potential benefits of the Coats Patons acquisition lifted **Vantona Viyella** 14 more to 500p. **Tootal** hardened 2 to 94p, but occasional profit-taking clipped a few pence from recent speculative favourites **John Crowther**, 139p, and **Burmatex**, 156p.

Overnight US support left **Bats** 15 higher at 393p; the annual results are due to be announced *on March 26.* **Imps** rose 8 to 332p, while **Rothmans** hardened 2 for a gain on the week of 17 to 166p.

Oils nervous

Several adverse factors, including nervousness about Sunday's OPEC meeting, news of Exxon's $2.8bn cut in capital spending, and a rumour, later dismissed, that Saudi Arabia's Sheikh Yamani had been sacked, combined to depress leading oil shares and quotations fell quite sharply. However, a steadier *tone developed after hours re*flecting firmer Wall Street influences and the majority moved away from the day's lows. **British Petroleum** were finally 12 down at 548p, after 545p, but **Shell** settled 14 down at 743p, sentiment here not helped by cautious comment on the full-year results. **Ultramar** ended 8 off at 190p, but **Britoil**, after easing to 175p, picked up in the late dealings to close unchanged at 180p; *the latter's annual results are due* next Thursday. Elsewhere, **Burmah** encountered a late burst of speculative buying and finished 9 higher on balance at 344p. **IC Gas**, still reflecting bid hopes, added 5 more to 360p.

Consortium takeover hopes continued to boost **Lonrho** which advanced steadily to close 12 up on balance at 290p.

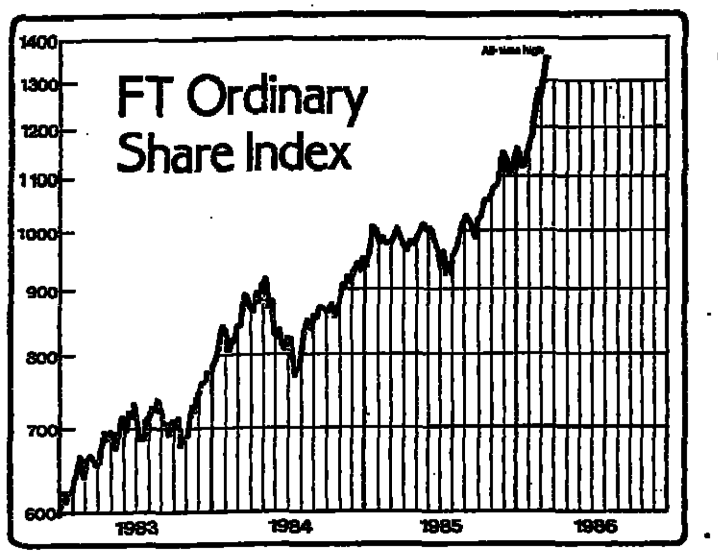
Golds give ground

Thursday's recovery in South African mining markets proved to be a short-lived affair. Golds, marked lower in New York overnight, received similar treatment in London and subsequently *drifted in extremely subdued* trading reflecting a disappointing performance by bullion, finally $1.5 lower at $348.75 an ounce. The Rand's renewed weakness against the dollar was another inhibiting factor and Cape and Continental operators appeared unwilling to commit funds ahead of next Monday's South African Budget.

Among top-quality Golds, **Vaal Reefs** dipped a couple of points *to £55, while Randfontein eased* 1½ to £64 and **Southvaal** gave up 1½ to £27⅞. *Smaller-priced issues* showed **Durban Deep** 38 cheaper at 587p and **Loraine** 18 off at 325p. The FA Gold Mines index closed 11.3 lower at 319.7 — a decline of 13.9 on the week.

South African Financials mirrored Golds with **De Beers**, firm earlier in the week following better-than-expected preliminary figures, closing 15 off at 475p. "**Amgold**" dipped 3 to £52, while **GFSA** *fell* 30 to 945p. London-domiciled counters were neglected although **Hampton Areas** attracted revived takeover speculation and hardened a few pence more to 123p.

Australian mines were again overshadowed by "down-under" financials and industrials. **Poseidon** provided an outstanding feature, however, rising 25 to 175p following news that **Claremont Petroleum**, a penny dearer at 44p, has acquired an 11.7 per cent stake in the company. Poseidon has been supported recently amid persistent talk of an imminent bid from Western Mining. Elsewhere, **CRA** put on 10 to 30p, but other leading diversified stocks gave ground where altered.



Commission to study infrastructure urged

THE GOVERNMENT should consider setting up an infrastructure commission to assess the state of roads, bridges, airports, sewers, and power supply, Mr John Douglas, vice-president of the Federation of Civil Engineering Contractors, has said. Such a body could circumvent the short-term thinking of elected politicians, he added.

"Projects chosen primarily to produce short-term jobs, rather than to meet real needs, will tend to produce inflation and few, if any, jobs in the long term. Projects selected to meet real economic needs will be good both for inflation and for long-term jobs in all of the industries that benefit from those projects," he said.

University honour for ICI chairman

SIR John Harvey-Jones, chairman of ICI, followed his installation as Chancellor of Bradford University yesterday by conferring honorary degrees on Mr James Clavell, screen writer and author of Shogun and Ms Jane Bown, the portrait photographer.

He aslo gave honorary degrees to Sir Robin Ibbs, a fellow ICI director and former head of Mrs Thatcher's central policy review staff, and Sir Francis Tombs, chairman of the Engineering Council and chairman of Rolls-Royce.

BR to improve Fishguard service

THE Inter City 125, the world's fastest diesel train, will be *introduced on* London to Fishguard boat trains from May 12 heading a range of improvements to Anglo-Irish rail and sea journeys.

The summer daytime service *—leaving London at 9.30 am* and returning from Fishguard at 2.12 pm will carry the name *The Hibernian.* Inter City 125s will also connect with the all-year round night service via *Fishguard.*

FINANCIAL TIMES STOCK INDICES

	Mar. 14	Mar. 13	Mar. 12	Mar. 11	Mar. 10	Mar. 7	year ago
Government Secs	88.57	88.43	88.86	88.92	87.72	86.92	80.26
Fixed Interest	92.90	92.97	93.21	92.62	91.49	91.10	83.87
Ordinary ♥	1360.7	1350.6	1350.7	1326.8	1305.6	1308.8	1002.5
Gold Mines	319.7	331.0	322.2	328.5	330.4	333.6	479.9
Ord. Div. Yield	3.99	4.03	†4.03	4.05	4.10	4.07	4.52
Earnings, Yld. % (full)	9.50	9.58	†9.58	†9.76	†9.88	9.83	11.16
P/E Ratio (net) (*)	13.07	12.95	†12.94	†12.70	†12.54	12.60	10.91
Total bargains (Est.)	34,110	046,772	35,656	40,694	40,348	†36,145	28,420
Equity turnover £m.	—	1037.33	988.46	745.21	655.05	900.12	411.65
Equity bargains	—	43,098	43,117	38,251	38,275	40,209	22,581
Shares traded (ml)	—	428.1	435.4	343.5	315.3	406.0	204.1

♥ 10 am 1,353.3. 11 am 1,354.8. Noon 1,358.4. 1 pm 1,356.8. 2 pm 1,357.1. 3 pm 1,358.5. 4 pm 1,359.7. Day's High 1,360.8. Day's Low 1,351.7. Basis 100 *Government Securities 15/10/26. Fixed interest 1928.* Ordinary 1/7/36. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. * Nil = 12.57. † Corrected.

HIGHS AND LOWS — **S.E. ACTIVITY**

—	1985/86 High	1985/86 Low	Since Compilat'n High	Since Compilat'n Low	INDICES	Mar 13	Mar. 12
Govt. Secs.	88.92 (11/3/86)	78.02 (29/1/85)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains	184.9	210.8
Fixed Int.	93.21 (12/3/86)	82.17 (28/1/85)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	279.2	279.4
					Equities Value	2096.7	1997.9
Ordinary	1360.7 (14/3/86)	911.0 (25/7/85)	1360.7 (14/3/86)	49.4 (26/6/40)	5 day Average Gilt Edged Bargains	193.7	196.2
Gold Mines	536.9 (15/4/85)	217.6 (5/11/85)	734.7 (15/2/83)	43.5 (26/10/71)	Equities Bargains	263.0	253.9
					Equities Value	1748.9	1,707.7

LEADERS AND LAGGARDS

Percentage changes since December 31, 1985, based on Thursday, March 13, 1986

Motors	+35.54	Shipping and Transport	+18.96
Textiles	+34.17	Industrial Group	+17.43
Gold Mines Index	+32.51	Other Groups	+16.64
Metals and Metal Forming	+31.74	Mining Finance	+16.54
Other Industrial Materials	+29.33	500-Share Index	+15.82
Chemicals	+27.64	All-Share Index	+15.18
Electricals	+27.18	Consumer Group	+14.44
Capital Goods	+24.50	Insurance (Life)	+13.48
Merchant Banks	+24.83	Financial Group	+12.99
Electronics	+23.84	Overseas Traders	+12.63
Tobaccos	+22.69	Telephone Networks	+12.06
Packaging and Paper	+22.41	Investment Trusts	+11.95
Leisure	+21.96	Stores	+10.71
Health and H'sehold Products	+21.46	Banks	+10.39
Mechanical Engineering	+21.39	Food Manufacturing	+ 9.77
Office Equipment	+21.23	Brewers and Distillers	+ 9.05
Contracting, Construction	+20.27	Insurance Brokers	+ 9.03
Publishing and Printing	+19.74	Property	+ 8.80
Building Materials	+19.58	Food Retailing	+ 6.12
Insurance (Composite)	+19.57	Oils and Gas	+ 3.68

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price	+ or −	Net. Divi.	Times covered	Gross Yield	P.E. Ratio
§160	F.P.	—	194	180	✻BPP Hldgs. 10p	194	+2	R5.0	2.2	3.7	17.6
¶¶	F.P.	—	135	130	Chillington Corp.	130	......	—	—	—	—
¶¶	F.P.	—	68	65	Do. Defd.	68	......	—	—	—	—
165	F.P.	—	195	188	Gold Greenlees T. 5p.	188	......	R2.9	3.2	2.2	21.2
§105	F.P.	—	165	140	Jarvis Porter 10p	140	−8	R3.3	2.6	3.4	16.2
105	F.P.	14/3	145	112	Macro 4 5p	138	+2	R1.0	6.5	1.0	21.2
§120	F.P.	—	140	134	✻Menvier-Swain 5p	138	−1	R2.5	3.5	2.6	15.0
§127	F.P.	7/3	140	135	✻Microsystems 10p.	140	......	R1.78	4.5	1.8	17.6
§145	F.P.	4/4	177	155	PPL 10p	165	......	u2.5	6.0	2.3	10.2
‖ ‖	F.P.	—	900	800	Rodime 5p	800	......	—	—	—	7.2
§80	F.P.	4/4	94	85	✻Spice 5p	94	+3	u2.8	2.2	4.3	12.2
††	F.P.	27/3	25	7	Telfos Warrants	25	......	—	—	—	—
215	F.P.	1/8	228	215	Templeton Galbraith	228	+1	Q5.97c	2.5	1.9	26.3
100	F.P.	27/3	102	95	Throgmorton USM	102	......	—	—	—	—
120	F.P.	24/3	219	156	Wellcome	218	+13	u2.08	2.8	1.4	28.0
—	F.P.	—	25	8	Westland Warrants	25	......	—	—	—	—
140	F.P.	7/3	157	140	✻Wickes 40p	156	......	R2.0	4.7	1.8	16.5

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price	+ or −
88.256	£30	25/4	36¼	30½	American Medical Intl.9½% Uns.Ln.2011	34¾	−¼
§93.287	£25	19/5	34	25⅛	Centrovincial Ests.11⅝% 1st Mort Db.2016	34	+⅛
¶¶	F.P.	—	112p	110p	Chillington 9½% Cum. Red. Pref.	112p	......
¶¶	F.P.	—	125p	125p	Devenish (J.A.) 4.5% Cnv 2nd. Pref.	135p	......
—	F.P.	27/4	110p	105p	✻Electron-H'se 6½% Cnv. Cum Red Prf	108p	......
§99.11	F.P.	10/4	106	99¼	Hampton Tst. 11⅛% 1st. Mort. Deb. 2026	106	......
94.917	£30	8/5	34	19⅞	Inter-Am Dev Bk 9⅞% Uns Ln 2015	33⅛	+⅜
‖	Nil	25/4	115p	107p	Lawrence (W.) 8.5% Cnv.Cum.Red.Pref.	113p	+1
98.977	F.P.	10/5	107½	99	Mecca Leisure 11⅛% Deb. 2011	107½	......
—	F.P.	—	100⅛	100⅛	Nationwide Bldg. Soc. 12⅞% 2/3/87	100⅛	......
¶¶	F.P.	4/4	164p	140p	✻Parkfield 7% Cum. Cnv. Prf. 2005	162p	−2
‖	Nil	16/4	5ppm	5ppm	Porter Chad. 8% Cnv.Cum.Red.Prf. '95	5ppm	......
§97.955	£25	25/4	36	25½	Samuel Props. 11% 1st. Mort.Deb.2016	34½	......
§99.480	£25	—	24⅞	24¾	S.E. 10⅛% Mort. Deb. 2016	24⅞	......
‖	F.P.	—	117	130	Westland 7½% Cnv. Cum. Prf.	110	+4

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price	+ or −
200	Nil	—	75pm	65pm	Cullens Hldgs. 10p	75pm	......
16½	Nil	11/4	3½pm	1pm	Dares Ests. 5p	3½pm	+1¼
330	F.P.	5/4	410pm	380pm	✻High Point Services 10p	410pm	......
255	Nil	30/4	45pm	35pm	KLP 5p	45pm	......
70	Nil	7/4	11pm	5pm	Kent (J.) 5p	7pm	......
220	Nil	24/4	85pm	58pm	✻ N.M.W. Computers	85pm	+9
115	F.P.	25/4	144pm	130pm	Wates (City of London)	143	......
60	F.P.	—	85	63	Westland	77	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend *and Yield based on prospectus or other official estimates for 1986.* R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. *t* Indicated dividends: cover relates to previous dividend: p/e ratio based on latest annual earnings. *u* Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ¶¶ Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ▇ Allotment price. ✻ Unlisted securities market. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (*a*). †† Units comprising two ordinary, one preference and one warrant.

TRADITIONAL OPTIONS

Account Dealing Dates
Option

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 17	Apr 4	June 26	July 7
Apr 7	Apr 18	July 10	July 21
Apr 21	*May 2*	*July 24*	*Aug 4*

For rate indications see end of Unit Trust Service

Stocks favoured for the call included Phicom, Chloride, Hanover Investments, Arthur Lee, Robert Horne, Trade Promotions, VW Thermax, Promotions House, Raine Industries, Kwik-Fit, Octopus Publishing, Tozer Kemsley and Millbourn, Premier Oil, Brunswick, Rock, Minoil, Paragon Resources, Tricentrol, Charterhall, Wellcome, Aircall, Lasmo, Barratt Developments, Cadbury Schweppes, *Hampton Areas, Good Relations*, Duport, Bristol Channel Ship Repairers, STC, Lec Refrigeration and James Fisher. Puts were done in Martin Ford and Peters Stores. No doubles were reported.

NEW HIGHS AND LOWS FOR 1985/86

NEW HIGHS (219)

BRITISH FUNDS (4). CORPORATION LOANS (3). AMERICANS (6). BANKS (12). BREWERS (1). BUILDINGS (19). CHEMICALS (5). STORES (11). ELECTRICALS (4). ENGINEERING (26). FOODS (7). HOTELS (3). INDUSTRIALS (31). INSURANCE (4). LEISURE (3). MOTORS (5). NEWSPAPERS (3). PROPERTY (11). TEXTILES (7). TOBACCOS (2). TRUSTS (49). OILS (1). OVERSEAS TRADERS (3). MINES (1).

NEW LOWS (13)

ELECTRICALS (1) Microlease. FOODS (1). Sutherland (E. T.). INDUSTRIALS (1). Intereurope Tech. PROPERTY (1) Property Trust. OILS (5) Indl. Scotland Energy. Magellan Petroleum, Petrogen Petroleum, Tricentrol Do. 11pc Cnv. Ln 1995-2005. OVERSEAS TRADERS (1) Boustead. PLANTATIONS (1) Anglo-East Plantations. MINES (2) Aquarius Explrtn., Southern Pacific.

RISES AND FALLS YESTERDAY

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	81	14	17	302	191	67
Corpns. Dom. and Foreign Bonds	11	16	47	142	81	167
Industrials	405	306	786	2,354	1,299	3,872
Financial and Props.	154	78	339	1,029	306	1,520
Oils	19	30	73	134	113	363
Plantations	5	2	7	13	19	42
Mines	17	68	96	216	227	462
Others	44	69	76	372	237	391
Totals	736	583	1,441	4,562	2,453	6,884

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No of changes	Thur. close	Day's change	Stock	No. of changes	Thur. close	Day's change
Jaguar	43	468	+13	Brit Telecom	23	218	−14
NatWest Bank	35	783	+42	Cable and Wire	23	690	−15
Wellcome	33	205	+10	Barclays	22	498	+15
Shel Trans	32	757	+12	Glaxo	21	£10	—
Trusthse Forte	25	184	+ 9	Standard Chart	21	533	+18
Lloyds Bank	24	563	+25	STC	20	120	− 4

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Barclays	513	+15	Promotions House	31½	+ 2½
Canning (W.)	126	+10	Raine Inds	48	+ 4½
Kenning Motor	170	—	Shell Transport	743	−14
Lloyds Bank	586	+23	Trusthouse Forte	192	+ 8
Midland Bank	486	+13	Wellcome	218	+13
NatWest Bank	816	+33	World of Leather	210	+ 9

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No of changes	Last Thur. close	Change on week	Stock	No. of changes	Last Thur. close	Change on week
STC	175	120	+ 4	Brit Aerospace	138	566	+ 3
Shell Trans	165	757	+59	BP	133	560	+35
Lonrho	150	278	+18	Cadbury Schw	129	179xd	+13½
BTR	143	488	+40	Pilkington Brs	117	452	+29
ICI	140	996xd	+48	Marley	116	122xd	+15½
Cable & Wire	139	690	+ 2	Glaxo	115	£10	+ ⅛

S E DEALINGS

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

Asian Develoment Bank 10¼pcLn 2009 £100¼ (11/3)
Australia (Com of) 9½pcLn 2012 £94⅞. 11½pcLn 2015 £111¼ ⅛ ½ ¼ [illegible]
Euro Inv Bank 10½pcLn 2004 £102½ 4⅛ (10/3). 10½pcLn 2004 £106 (11/3). 11pcLn 2002 £108¼
Finland (Rep of) 11½pcLn 2009 £110½ ⅝. 11¾pcLn 2009 £107⅞ (10/3)
Inter-Am Dev Bank 9¼pcLn 2015 £87⅞. New 9¼pcLn 2015 £32⅝ [illegible]
Intnl Bank for Rec and Dev 9½pcLn 2010 £96⅜ ½. 11.5pcLn 2003 £112⅞
Ireland 12½pcLn 2008 £117½ (12/3)
New Zealand 11¼pc 2008 £110 ⅛ (13/3). 11½pc 2014 £111 [illegible]
Spain (Kingdom of) 11¾pcLn 2010 £111½ ⅝. 12pcLn 1988 £10 (12/3)
Sweden (Kingdom of) 9¾pcLn 2014 £38⅝ [illegible]. 11pcLn 1012 £107⅛. 13.5pcLn 2010 £128¼ (11/3)
Trinidad and Tobago (Rep of) 12¼pcLn 2009 £97¼
United Mexican States 16½pcLn 2008 £99½ 100 [illegible]

CORPORATIO & COUNTY

London County 2½pcCons 1920 £22¾ (12/3)
Greater London Council 6¾pcLn 1990-92 £85¼ ½ ¾
Birmingham District Council 11½pcRed 2012 £111¼ (11/3)
Bristol (City of) 11½pcRed 2008 £111 (11/3)
Islington Corp 12¾pcRed 1986-87 £100½ (12/3)
Leeds (City of) 13½pcRed 2006 £127
Lincoln Corp 3pcRed 1919 £24¼ (10/3)
Liverpool Corp 3pcRed 1942 £23½
Manchester Corp 4pcIrrd £31¾ (10/3)
Newcastle (City of) 11¼pcRed 2017 £110 (12/3)
Salford Corp 5½pcRed 1986-88 £89½ ¾ 90
Southend Bor Council 12pcRed 1987 £100½ (10/3)
Southwark Corp 6¾pcRed 1983-86 £96¼. 12½pcRed 1987 £101
Sunderland (Bor of) 11¾pcRed 2008 £113 (11/3)
1986 £100 (12/3)
Local Auth 10½pcBds 1.10.86 £99⅝
Tyne and Wear County Council 12pcRed (11/3)

UK PUBLIC BOARDS

Agricultural Mortgage Corp 6½pcDb 1985-1990 £87. 7¾pcDb 1991-93 £86¼ ¾. 9½pcDb 1983-86 £98¹¹⁄₁₆ (12/3). 9¾pcDb 1985-87 £97¾ (12/3). 10¼pcDb 1992-1995 £99¼
Forth Ports Auth 3¼pcFudDb £27⅞ (10/3)
Gt Ouse Water Auth 5¼pcRed 1986-88 £85 (10/3)
Met Water MetWater3pcA 1963-2003 £42
Port of London Auth 3pcPtofLonA 1929-1999 £38¾. 6½pcReg 1987-90 £82
Scot Agric Sec Corp 10¼pcDb 1989-91 £98¾. 14pcDb 1993 £116¼ (11/3)

FOREIGN STOCKS

(coupons payable in London)

China (Rep of) 5pcGoldBds 1925 £9. 5pcLn 1913 £15 (10/3). Treas Notes (VckrsLn1919) £11 (10/3)
Greece (Kingdom of) Mon4pc1887 £45 (10/3)
Hungary (Rep of) 7½pcBds 1968) £69 (11/3)
Portugal (Rep of) Ext3pc(1stSer) £45Φ
Russia 4pcConsRailBdsSer1 1889 £1 (7/3)
Renown Incor 5¼pcBds 1996 $108 (7/3)
Pernambuco (Recife) 5pcLnA £80

STERLING ISSUES BY OVERSEAS BORROWERS

Am Medical Intnl. Inc 9½pcLn 2011 £34⁹⁄₁₆ ⅝
Caisse Centrale De Cooperation Econ 12¼pcLn 2013 £115⁷⁄₁₆ ½ (7/3)
Credit Nat 13½pcGtdNts 1993 £115⅞ (7/3)
Inco 15¾pcLn 2006 £130 1 (10/3)
Safeway UK Hldgs 3pc-8.25pcLn 2011 £46⅝ (12/3)

BANKS, DISCOUNT

Bank of Ireland (Governor) 7pcLn 1986-91 £79 (12/3)
Barclays 7½pcLn 1986-91 £89¼ ½ (11/3). 8¼pcLn 1986-93 £91¼ ¾ 2 ¼ ½. 12pcLn 2010 £117 8. 16pcLn 2002-07 £146½ (12/3)
Barings 8pcPf (£1) 108
Cater Allen Hldgs 5pcPf (£1) 45 (12/3)
Clive Discount Hldgs Wts 9½. 9¾pcPf (£1) 106 (7/3)
Commercial Bank of Wales 13½pcLn 1995-97 £114½ ¼ (11/3)
Commerzbank Ag Cdbr (Iss Warburg) (DM10) £18⅞ 9¼
Hambros (£2) (50p pd) £29 (12/3). Non-vtg (£1) 53½. 7pcLn 1986 £98 (12/3)
Hill Samuel Gp 8pcLn 1989-94 £83½
King Shaxson 5pcPf (£1) 43 (7/3)
Lombard North Central 5pcPf (£1) 43 (10/3)
Mercury Securities (25p) 890 60
Midland 10¼pcLn 1993-98 £104¼ 5. 14pcLn 2002-07 £130½ (12/3)
National Westminster 7pcPf (£1) 60 3. 9pcLn 1993 £94 ½ ¾. 12½pcLn 2004 £120½ 1 (12/3)
Rea Brothers 73Φ
Royal Bank of Scotland Gp 5½pcPf (£1) 55 (7/3). 11pcPf (£1) 100 (12/3)
Schroders 8¼pcLn 1997-2002 £85½Φ
Smith, St Aubyn (Hldgs) 6pcPf (£1) 53½ 4½ (12/3). 9½pcPf (£1) 121½Φ
Standard Chartered 12⅞pcLn 2002-07 £116¼

BREWERIES

Allied-Lyons 5½pcPf (£1) 50. 7½pcPf (£1) 68. 3pcDb 1985-90 £76 (7/3). 6¼pcDb 1984-89 £86 (11/3). 6¼pcDb 1987-92 £80. 7pcDb 1982-87 £92¼ (7/3). 7½pcDb 1988-93 £80¼ (11/3). 11¼pcDb 2009 £119 (12/3). 5½pcLn £45 (11/3). 5¼pcLn £48½ (7/3). 6¼pcLn £54½ (12/3). 7½pcLn £61½ 2½ (7/3). [illegible]

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

Barker Dobson Group 6¾pcLn 1990-95 £73Φ
Barlow Rand Pf (R0.10) 300 (11/3)
Barr Wallace Arnold Trust 155 7 8 (11/3) 94¼ 100
Barrow Hepburn Group 7.75pcPf (£1)
Barton Group 6pcPf (£1) 51½ ¼½ (10/3)
Bassett Foods 7½pcPf (£1) 66½½ ¼½ (11/3)
Beattie (James) 6pcPf (£1) 45 (7/3). 6½pc1stDb 1986-90 £87
Beazer (C. H.) (Hldgs) 8½pcLn 2000 £150
Beecham Group 8½pcLn 1984-94 £84
Bemrose Corp 7½pcPf (1) 68¼Φ ½Φ
Benlox Hldgs 8pcPf (£1) 137Φ
Bibby (J.) Sons 4.2pcPf (£1) 52 (11/3)
Birmid Qualcast 7½pcLn 1987-92 £83 (12/3)
Blackett Hutton Hldgs 5½pcPf (£1) 40 (7/3)
Blackwood Hodge 9pcLn 1985-90 £90½ ¼ (12/3)
Blue Bird Confectionery Hldgs 6pcPf (£1) 65 ¼ (10/3)
Blue Circle Inds 5½pcPf (£1) 45 (12/3). 5¼pcDb 1984-2009 £58. 6pcDb 1988-93 £78¼ (10/3). 7pcDb 1988-93 £85. 9pcDb 1992-97 £90 ¼. 10¼pcDb 1994-99 £103½ ¼ 1½ (10/3). 6¼pcLn 1975 or aft £52½ 5
Boeing (S5) $54⅛ (10/3)
Booth (John) Sons (Bolton) 55 7
Boots 7¾pcLn 1988-93 £84
Bowater Inds 4.35pcPf (£1) 56
Bradbury Wilkinson 6pcPf (£1) 65 (7/3)
Braime (T. F. J. H.) (Hldgs) A 60 (10/3)
Braithwaite 7½pcPf (£1) 68½Φ ¼Φ
Bramall (C. D.) 13pcLn 1993-03 £112
Bremner 10pcLn 1995 £96 (12/3)
Bridon 10½pcDb 1991-96 £96½ (10/3). 6¾pcLn 2002-07 £60½ 2 (7/3). 7¼pcLn 2002-07 £69 (7/3)
Bridport-Gundry 6pcPf (£1) 53½½ ½½ (11/3)
Bristol Evening Post 10¾pcDb 1991-08 £98½Φ ¼Φ
Bristol Stadium (5p) 110
British Alcan Aluminium 10½pcDb 1989-94 £98½ (11/3)
British-American Tobacco 5pcPf (£1) 43½. (12/3). 6pcPf (£1) 52½
British Amer Tobacco 10pcLn 1990-95 £92Φ. 10½pcLn 1990-95 £100 ¼
British Benzol 13pcLn 1985 £485Φ
British Dredging 8pcLn 1993-98 £69 (12/3)
British Ever Ready 6pcLn 1992-97 £69 (12/3)
British Home Stores 5½pcDb 1989-94 £74 (12/3). 7¼pcDb 1994-98 £77¼ (10/3)
British Printing Comm 7.5pcPf (£1) 90
British Shoe Hldgs 6½pcPf (£1) 57½ (7/3). 6½pcPf (£1) 50½ (12/3). 7pcLn 1985-90 £87½
British Telecommunications 267
British Vita 7¼pcDb 1987-92 £80 (7/3)
Brown Jackson (20p) 22½ 3 ½ 4. 10.75pcPf (£1) 114 (10/3)
Brown Tawse 7pcPf (£1) 58 (11/3)
Brown (John) A 20 1 ¼ ¼ 2. 5¾pcLn 2003 £51½ (7/3)
Bulgin (A. F.) (5p) 18½ (12/3)
Bulmer Lumb (Hldgs) 5pcPf (£1) 45¼½ 6½ (11/3)
Bunzl 7pcLn 1995-97 £123
Burroughs ($5) £44⅜Φ
Burton Wts 258 60 (12/3). 8pcLn 1996-2003 £71¼. 9¼pcLn 1998-2003 £83½. 8pcLn 1996-2001 £122 ⅛ ½ 3 4
Butlin's 6½pcDb 1982-87 £91½ 4 (12/3)

C—D

C.H. Industrials 7pcPf (£1) 195
Cadbury Schweppes 3½pcPf (£1) 45 (11/3). 8¼pcDb 1994-2004 £86¼. 9pcDb 1988-93 £96 (12/3)
Caffyns 6½pcPf (£1) 54 (10/3). 10pcPf (£1) 104 (11/3)
Calor 7pcDb 1985-90 £84
Cantors (20p) 225
Carclo Eng 10½pcPf (£1) 98 (10/3). 10pcPf (£1) 375
Carlton Inds 9½pcLn 1986-91 £91½ (10/3)
Carrington Viyella 4.55pcPf (£1) 55 7½ (11/3). 5.6pcPf (£1) 65½ (11/3). 4.2pcDb 1984-89 £75½ 7 (12/3). 7pcDb 1984-89 £87 8 (12/3). 8.4pcDb 1989-94 £88½ (12/3). 7.75pcLn 1987-92 £80½ (11/3). 8.1pcLn 1997-2002 £74½ (10/3)
Celtic Haven (5p) 73 4 ½ 5
Central Sheerwood 10pcPf (£1) 38 40 (12/3)
Centreway Inds 11pcPf (£1) 60 (12/3)
Channel Tunnel (5p) 87 90 5
Charringtons Industrial Hldgs 6pcLn 1988-93 £79½Φ. 8pcLn 1988-93 £76 (7/3)
Charter Consolidated (2p) 242
Chemring Pfd (5p) 117 (7/3)
Chloride 7½pcDb 1985-90 £88 (7/3)
Clarke (T.) (10p) 51 3
Clyde Blowers 195
Coats Patons 4¼pcLn 2002-07 £51 (12/3). 6¼pcLn 2002-07 £64Φ. 7½pcLn 1990-95 £81
Cohen (A.) A (20p) 350
Combined English Stores 7¼pcPf (£1) 60. 9½pcLn 1986-91 £89
Cook Watts 9¼pcLn 1987-92 £82 (7/3)
Cope Allman Internat 7½pcLn 1971-90 £91 (11/3)
Corner Brook Pulp Paper 4½pcPf (£1) 40½
Country Gentlemen's Assoc 775 (11/3)
Courtaulds 5pc1stPf (£1) 44 (10/3). 7¼pcDb 1989-94 £85½. 5½pcLn 1994-96 £67 ½ 9. 6½pcLn 1994-96 £72 3 ½. 7½pcLn 1994-96 £80 1¼ ½. 7½pcLn 2000/05 £77½
Courtaulds Clothing 7½pcPf (£1) 50½ (10/3)
Courts (Furnishers) 225
Cowan de Groot 10½pcPf (£1) 102
Cowie (T.) 10½pcCnvPf (£1) 335
Croda Chemicals Intnl 8pcPf (£1) 66 (11/3)
Cronite 14pcCnvDb 1992 £215 7½½ (7/3)
Crosby Woodfield 10pcPf (£1) 93 (12/3)
Crown House 7½pcPf (£1) 50½ (7/3)
Crowther (John) Grp 5pcPf (£1) 44¼½ ½½ (11/3)
Crystalate Hldgs 8pcPf (50p) 32½. 8¼pcCnvLn 2003 £121 2 6½. 9¼pcCnvLn 1993/2000 £278

DAKS Simpson 5pcPf (£1) 37 (7/3)
DRG 7¼pcLn 1986/91 £86½ 7 ½ 8½ 9¼
Dalgety 4.85pcPf (£1) 61½
Davies Metcalfe (10p) 66 8 72 (12/3)
Debenhams 6¼pc2ndDb 1990/95 £76¼ (12/3). 7¼pc2ndDb 1991/96 £81 ¼ (12/3). 6½pcLn 1986/91 £80 1. 7¼pcLn 2002/07 £72. 7¾pcLn 2002/07 £73½ (7/3)
Delta Grp 6pc1stPf (£1) 51½Φ. 4½pc2ndPf (£1) 36 (11/3). 7¼pcDb 1985/90 £91. 10¾pcDb 1995/99 £101
Dewhirst (I.J.) (Hldgs) 9.75pcPf (£1) 100
Desoutter Bros (Hldgs) 5.25pcPf (£1) 65 (10/3)
Dewhurst (10p) 35
Dickie (James) (Drop Forgs) 51 2
Diploma 10½pcLn 1990/95 £94¼ (10/3)
Dominion Intnl Warr to sub 20 1 2. 11¼pcCnvPf (£1) 212
[illegible]

E—F

[illegible]

G—H

[illegible]

H—K

[illegible]

هكذا من الأصل

هكذا عن الأصل

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 1.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

International Paint 8¼pcLn 1990-95 £81 2½ (12/3)
Jacomar 5½pcPf (£1) 49½ 50½ (10/3)
Jamesons Chocolates (10p) 104⊕
Jarvis Porter Gp (10p) 138. New (10p) (Fp LA-18/4/86) 137 8 9 40 2, 3 4 5 6 7 8
Johnson & Firth Brown 11.05pcPf (£1) 148 7. 11pcLn 1985-88 £84½ 6
Johnson Gp Cleaners 5pcPf (£1) 34 (10/3)
Johnson Matthey 5pcPf (£1) 41. 8pcPf (£1) 285 7½. 8pcDb 1985-95 £86¼ (7/3)
Johnston Gp 10pcPf (£1) 129½⊕ ½⊕
Jones, Stroud (Hldgs) 10pcPf (£1) 104
Juliana's Hldgs 7¼pcLn 2000-02 £64

Taylor Woodrow 7¾pcLn 1987-90 £89½
Television South 14-20pc.n 1986-88 £111½ (12/3), 10pcLn 1997 £127½
Telfos Hldgs New (20p) 82. Wts 24. 9pc Pf (£1) 101
Tenneco 10pcLn 1991-95 £148
Tex Hldgs (10p) 162 ½ 5 7
Thomson Organisation 4.72pcPf1st (£1) 60. 5.83pcPf (£1) 73½. 21.7pcPf 69 ¼ (12/3). 3pcDb1st £71. 7¼pcLn 1987-92 £77½
Thomson T-Line 167
THORN EMI 5pcLn 2004-09 £47 8t. 6½pcLn 1985-89 £85¼ 6¼ (7/3). 7½pc Ln 1989-92 £84. 7¾pcLn 2004-09 £70¼. 8¼pcLn 1989-94 £85 6 7

TR City of London Pfd (20pc Non-Cum) (£1) 145 (7/3). 6pc1stPf £48 (12/3). 6pc2ndPf (£1) 49 (11/3)
TR Industrial General 4¼pcDb £34¼ (7/3). 5¼pcDb 1992-97 £84
TR North America 5pcPf (£1) 420
TR Pacific Basin Wrnts to sub 387½‡. 4½pcPf (£1) 39½
TR Trustees Cpn 4½pcPf £40⊕
TT Finance 11½pcDb 2018 £109½
Throgmorton USM (50p) £1.02 (11/3). New (50p) (With Wrnts) (fp) 102
Trans-Oceanic 5pcPf £46
United States Debenture Cpn 4.6pcPf £58½ (7/3)

Chart Foulkes Lynch (5p) 00 (10/3)
Cobra Emerald Mines nov 88 (11/3)
Cramphorn (50p) 375
Eldridge Pope A (est.vtg.) (£1) 294 5 7
Elnctron House 6.5pc CnvCumRdPf (£1) 107 10: 10 ½: (12/3)
Entertainment Production Services (5p) 9
Gibbs Mew 155 (12/3)
Gould (Lawrence) 112 5 (10/3)
Heavitree Brewery 405 (7/3). A Ord 345 (7/3)
Home (Robert) Group Non-vtg A (20p) 168 70 2
Intervision Video (Hldgs.) (10p) 3½ 4 ½. 7pcRdPf (£1) 20
Kenyon Securities 245 (10/3)

[illegible]

Microsystems Group (10p) (ExCap) 137
Midsummer Inns (50p) 295 300 3
Pittfield Group CumCnvRdPf (£1) 162 ½ 4 5
Paul Michael Leisurewear (5p) 12 (10/3
Pavion Intnl. 11pcUnsLn 94-2002 £110 5
Percom (10p) 117 20
Perling (John) Meats (10p) 32
Property Trust (10p) 4
Sigmex Intnl. (10p) 86 8
Spice (5p) 92 (10/3). New Ord (5p) 93 4
Technology for Business 7pcPf (£1) 128
West Yorkshire Independent Hospital (50p) 78 (11/3)
Wickes (40p) 155 7

L—M

[illegible]

N—O—P

[illegible]

Q—R—S

[illegible]

T—U—V

[illegible]

W—Y—Z

[illegible]

FINANCIAL TRUSTS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

UNIT TRUSTS

[illegible]

MINES—MISCELLANEOUS

[illegible]

MINES—SOUTH AFRICAN

[illegible]

OIL

[illegible]

PROPERTY

[illegible]

PLANTATIONS

[illegible]

RAILWAYS

[illegible]

SHIPPING

[illegible]

UTILITIES

[illegible]

WATERWORKS

[illegible]

UNLISTED SECURITIES MARKET

[illegible]

SPECIAL LIST

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

AOG Minerals 30 (12/3)
Admiral Mines 3
American Home Products £53¼⊕ 2½ 3¼
Amoco Corp £38 ⊕ 9¾
Ampol 106 10
Ampol Expln 60⊕ (10/3)
Amsterdam-Rotterdam Bank £29.05 (12/3)
APM 165 (10/3)
Apple Computer £17.15 (7/10)
Ashton Mining 57 (12/3)
Atlantic Richfield £36 ½
Aust Foundation Inv 97 (12/3)
Aust National Industries 164 (11/3)
Aust Oil & Gas 78⊕ 8 (11/3)
Barnett Banks of Florida £33¼⊕ (11/3)
Basic Resources Int (Bahamas) 60⊕ 5

[illegible]

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

[illegible]

Guernsey Press (£1) 550 (12/3)
Harvard Secs (2p) 31½ 2 (12/3)
Home Brewery 750 60 (7/3)
ICE (1p) 800
Kunick Leisure (10p) 39½ 40
Le Riches Stores (£1) 565 (12/3)
Liverpool FC (£5) £245 (12/3)
Manchester Utd FC (£1) 400 10 (7/3)
Mercy and Overseas Inv Tst (10p) 11
Merlin Intl 45 (11/3)
Oldham Ests (50p) 21 2½ (12/3)
Phosphor Products (1p) £275 7 (12/3)
Portsmouth Water 4pcPermDb £18pc 20pc (7/3)
Rangers FC (£1) £12½ (10/3)
Red Rose Radio (10p) 40 (11/3). A NV (10p) 25 (11/3). Var Rate Cnv Ln 1992 (£1) 175 (11/3). A NV (fully paid) 25 (11/3)

[illegible]

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Celtic Basin Oil Expln (£1) 5½ (12/3)
Kenmare Oil Expln (Ir£0.25) 4 (11/3)

(By permission of The Stock Exchange Council)

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Bid Price	Offer Price	+ or −	Yield Gross
Abbey Unit Tst. Mngrs. (a)				
80 Holdenhurst Rd, Bournemouth 0345 717373				
High Income				
Gilts & Fixed Int.	117.3	124.1xd	.....	9.67
High Inc Equity	90.1	95.8	+0.4	5.17
Worldwide Bond	176.9	189.5	+0.4	5.12
Capital Growth				
American Growth	154.1	164.9	−0.2	0.76
Asian Pacific	38.5	41.3	−0.3	3.03
Assets & Erngs. Tt.	96.4	103.1	+0.4	1.53
Capital Reserve	61.2	61.9	−0.1	1.64
Commodity & Engy	66.0	70.6	−0.3	1.94
European Capital	80.9	86.0	+0.7	1.74
General	136.6	146.8	+0.4	2.91
Japan	64.6	69.1	+1.6	—
Mastertrust	58.5	62.7	+0.4	1.61
UT Growth Acc Units	126.4	135.9	+1.0	1.13
UK Growth Dist	88.6	95.0	+0.8	1.62

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Brycourt Unit Trust Mgmt Ltd(a)(c)(d)				
Hesketh Hse, Portman Sq, W1H 0JR 01-935 6382				
Income Growth	134.5	141.5	.....	4.77
Buckmaster Management Co Ltd (a) (c)				
The Stock Exchange, London EC2P 2JT 01-588 2868				
General Inc Mar 13	207.4	218.1	.....	3.12
Accum Units Mar 13	326.7	343.9	.....	3.12
Income Mar 12	98.9	103.3	.....	4.78
(Accum Units) Mar 12	263.8	277.3	.....	4.78
International March 11	114.8	119.9	.....	2.05
(Accum Units) March 11	151.8	158.9	.....	2.05
Smaller Co's Mar 14	1,023.3	1,094.6	+49.1	2.75
(Accum Units) Mar 14	1,082.6	1,155.8	+51.9	2.75
CS Fund Managers Limited				
125 High Holborn, London WC1V 6PY 01-242 1148				
CS America Fd	56.0	59.6	−0.1	0.84
CS Japan Fund	68.3	72.7	+0.7	0.30
CS Portfolio Inv. Fd.	66.0	70.2xd	+0.9	2.85
Canada Life Unit Trust Mngrs. Ltd				
2-6 High St, Potters Bar, Herts P Bar 51122				
Can. Gen. Dist.	111.1	117.0	.....	2.74
Do. Gen. Accum	173.8	183.0	.....	2.74
Do. Income Dist.	76.4	80.4	.....	5.60
Do. Inc. Accum.	152.4	160.7	+0.2	5.60

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Capel (James) Mngt. Ltd				
100 Old Broad St, EC2N 1BQ 01-621 0011				
Capital	341.1	359.1	.....	1.83
Income	270.6	284.9	.....	4.68
North American	268.0	282.2	.....	1.40
Prices on March 12. Next dealing March 19				
Cater Allen Unit Tst Managers				
1 King William St, EC4N 7AU 01-623 6314				
Cater Allen Gilt Tst	102.9	109.7xd	+0.03	11.07
Cent. Bd. of Fin. of Church of England‡‡				
77 London Wall, London EC2N 1DB 01-588 1815				
Inv Fund Feb 28		389.15	.....	4.45
Fxd Int Secs Feb 28		139.60	.....	10.24
Dep Fd Feb 28		100.00	.....	12.00
Charities Charities N/R Fund‡‡				
15 Moorgate, London, EC2 01-638 4121				
Income Feb 28		162.43	.....	9.85
Do. Accum.		479.72	.....	—
Charities Official Invest. Fund‡‡				
77 London Wall, London EC2N 1DB 01-588 1815				
Income Feb 28		351.06	.....	5.04
Accum Feb 28		1000.88	.....	—
Clerical Medical Unit Trust Managers Ltd				
Narrow Plain, Bristol BS2 0JH (0272) 277719				
General Equity	37.1	39.5	+0.2	—
Equity High Income	39.7	42.3xd	+0.2	—
Gilt & Fxd Int Growth	28.7	30.6	.....	—
Indexed Securities	23.5	25.1	−0.2	—
American Growth	23.5	25.0	.....	—
Japan Growth	23.5	25.2	.....	—
European Growth	23.5	25.0	.....	—
Gilt & Fixed Int Inc	23.5	25.0	.....	—
Confederation Funds Mngt Ltd (a)				
50 Chancery Lane, WC2A 1HE 01-242 0282				
Growth Fund	219.5	231.0	.....	3.20
County Bank UT Ltd				
161 Cheapside, London EC2V 6EU 01-726 1999				
Capital (Accum.)	268.6	285.9	−0.5	1.59
Energy Tst	41.5	44.1xd	−0.6	5.78

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Gartmore Fund Managers (a) (c) (g)				
2 St Mary Axe, London EC3A 8BP 01-623 1212				
Dealing only: 01-623 5766/5806				
American Trust	91.5	97.9	−0.9	0.00
Australian Trust	19.5	20.7	−0.1	0.41
British Tst. (Accum)	54.6	58.4xd	.....	2.12
Do. (Dist.)	47.8	51.2xd	.....	2.12
Commodity Share	56.8	60.5	−0.5	1.36
European Trust	46.1	49.4xd	+0.3	0.67
Extra Income	46.6	49.9	+0.2	5.03
Far East Trust	103.6	110.9	+0.8	0.33
Fixed Int Tst.	25.6	27.3	.....	9.96
Gilt Trust	26.4	27.6xd	−0.3	8.93
Global Fd	151.0	160.7	.....	0.24
Global Fd (Dist)	144.0	153.2	.....	0.24
Gold Share Trust(z)	12.9	13.7	−0.3	2.16
Hedged American (z)	29.5	31.6	+0.2	0.10
High Income Tst.	129.1	138.1xd	+0.4	5.29
Hong Kong Trust	23.6	25.2xd	−0.3	1.00
Income Fund	69.3	74.2xd	−0.1	3.52
Inter Agencies Tst	45.76	41.19	+0.07	2.46
Japan Trust	113.6	120.9	+2.5	0.00
Managed Exempt Fd	259.2	270.1	.....	3.14
Oil & Energy Trust	32.4	34.5	−0.3	1.04
Special Sits. Tst.	89.4	95.7	+0.7	1.02
UK Sm. Co. Rec. Trust	66.4	71.1	+0.6	0.99
Global Asset Management				
12 St James's Place, London SW1				
GAM £ Int March 14	106.2			
GAM N America March 13	117.8			
Do. Accum March 6	122.4			
GAM PacCityWwde*Mar10	131.2			
GAM PanCity UK*Mar 10	123.7			
*Unauthorised				
Gowett (John) Unit Mngt. Ltd				
Winchester House, 77 London Wall, EC2				
Dealing: 01-588				
Gowett AmericanGrowth	62.4			
Gowett America Inc	67.6			
Gowett Gold & Mis	40.2			
Gowett Intl Gwth	73.8			
Gowett Japan Gwth	127.3			
Gowett European Gwth	183.0			
Gowett Pacific Inc	65.6			
Gowett UK Spec Opps	78.5			
Exempt Amer March 13	111.4			
Exempt Pac March 13	126.9			
Exempt Sm Cos March 13	112.7			
UK Progressive Inc	50.4			
Granville Unit Tst Mngmt Ltd				
8 Lovat Lane, London EC3 8DT				
Granville Capital	62.6			
Gresham Unit Trust Managers Ltd				
9-17 Perrymount Rd, Haywards Heath				
Gresham Global Growth	135.1			
Gresham Inc	131.8			
Grofund Managers Limited				
Pinners Hall, 8/9 AustinFriars, EC2				
Grofund American Trust	83.1			
Grofund Australian Tst	56.8			
Grofund Equity Trust	97.8			
Grofund European Trust	111.4			
Grofund Gilt Trust	56.0			
Grofund Japan Trust	83.4			
Guardian Royal Ex. Unit Mngrs Ltd				
Royal Exchange, London EC3V 3LS				
European	209.0			
Gilt & Fixed	118.0			
Growth Eq	203.6			
Guardhill	293.7			
Nth American	137.9			

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Legal & General (Unit Tst. Mngrs.) Ltd				
5 Rayleigh Rd, Brentwood 0277 234634				
Equity Dis.	267.5	286.1xd	−0.3	2.14
Equity Acc.	417.8	446.8xd	−0.3	2.14
Equity Income	58.6	62.7	+0.3	2.78
European	62.8	67.2xd	+0.4	1.24
Far Eastern	71.2	76.1	+1.9	0.53
Gilt	76.8	81.3	+0.2	5.77
Int. Managed	70.7	75.7	+1.1	1.20
Natural Resources	46.2	49.4	−0.4	3.56
North American	73.7	78.8xd	−0.4	3.80
UK Special Sits	58.9	63.3	+0.3	2.16
Leonine Administration Ltd				
20 Copthall Ave, London EC2R 7JS 01-600 7595				
Leo Distribution	247.6	259.9	.....	0.01
Leo Accum	300.3	315.3	.....	0.01
Lloyds Bk. Unit Tst. Mngrs. Ltd (a)				
Registrar's Dept, Goring-by-Sea, Worthing, W Sussex 0903 502541 Dealing 0444 459144				
Balanced	178.8	191.2	+0.2	2.97
Do. (Accum.)	314.8	336.6	+0.4	2.97
Energy Int.	46.3	49.5xd	−0.5	3.84
Do. (Accum.)	51.1	54.6	−0.5	3.84
Extra Income	150.0	161.4	+0.6	5.25

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Robert Fraser Trust Mgt. Ltd				
29 Albemarle St, London W1 01-493 3211				
Rob. Fraser Gwth. Tst.	94.2	100.2	.....	1.80
Friends Prov. Trust Managers (a)(b)(c)				
Pixham End, Dorking Tel: 0306 885055				
F.P. Equity Units	197.1	209.2	+0.3	2.69
Do. Accum.	325.6	345.4	+0.5	2.69
F.P. Fixed Int.	112.5	119.9	+0.5	5.99
Do. Accum.	125.2	133.4	+0.5	5.99
F.P. Stewardship	161.4	171.3	+1.1	2.15
Do. Accum.	165.9	176.1	+1.1	2.15
Funds in Court*				
Public Trustee, Kingsway, WC2 01-405 4300				
Capital Mar 13	345.3	352.0	+15.1	2.72
Gross Mar 13	141.7	146.6	+5.6	7.91
High Yield March 13	203.8	211.2xd	+11.2	6.07
*Unauth. Restricted to monies under Court control				
G. & A. Trust (a) (g)				
5 Rayleigh Road, Brentwood 0277 227300				
G. & A.	117.8	124.9	−0.1	3.57
GT Unit Managers Ltd				
8th Floor, 8 Devonshire Sq, London EC2M 4YJ 01-283 2575 Dealing: 01-626 9431				
Capital (Inc)	96.0	102.7	+0.6	2.6
Capital (Acc)	136.9	146.5	+0.9	2.6
Income	77.2	82.6xd	+0.4	6.6
Pension Exempt	155.6	163.0	+0.9	2.4
International	140.0	149.8xd	+0.2	1.0
U.S. & General	57.3	61.3	+0.3	1.4
Tech. & Growth	65.6	70.2	.....	1.0
Japan & General	175.4	187.7	+2.8	0.3
Far East and Gen.	75.6	80.9	+1.2	1.0
European	217.4	232.6xd	+1.2	0.7
German	65.9	70.5	.....	1.0

L & C Unit Trust Management		
Piercy House, Copthall Ave, EC2R 7BE		
L&C Inc. Fund	403.1	
L&C Intl & Gen Fd	221.8	
Laurentian Unit Tst Mngmt		
Imperial Life Hse, London Rd, Guildford		
Growth Trust	88.5	
Lawson Fund Managers Ltd		
43 Charlotte Sq, Edinburgh EH2		
American Grth (M)	59.5	
Commodity Energy (M)	31.4	
Charlotte Sq (Tu)	67.5	
Penny Share (W)	16.0	
Aust & Pac (Th)	7.9	
High Yield Inc (F)	22.9	
High Yield Acc (F)	29.6	
Flex Pension Mar 25	95.0	
Lazard Brothers & Co Ltd		
21 Moorfields, London EC2P 2HT		
UK Funds		
Capital	204.6	
Investment	504.6	
Income	128.9	
Small Co's Growth	1021.6	1093
Exempt Funds		
UK Fixed Int	£112	
UK Equity	£106.5	
Small Companies	£2,660.9	2,9
Ebiling	£151.0	
Northumbria	£120.5	
North West	£133.0	
Eastern Counties	£100.0	
West Midlands	£112.0	
Intl. Bond	£210.0	
American	£323.0	
Far Eastern	£309.0	
Australian	£129.5	
European	£312.0	
Property	£2140.0	230
Inc & Growth Property	£944.0	
Index-Linked Mortgage	£117.90	12

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CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE Dlg. 01-236 3885

International Growth	130.9	140.1	+0.3	0.90
Income & Growth	60.7	65.0	+0.4	3.00
Special Situations	77.4	82.8	+0.3	4.40
American Growth	33.1	35.5xd	-0.3	0.70
Japan Growth	47.2	50.5	+0.4	0.00
European Growth	56.7	60.7	+0.4	2.30
UK Growth	52.7	56.4	+0.4	0.80
Pacific Growth	39.9	42.7	-0.2	0.10
High Income	30.5	32.7	-0.1	8.40
Practical Income Units	49.3	52.5xd	-0.3	2.30
Practical Accum. Units	89.2	94.9xd	.....	2.30

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd.	85.9	91.4	+0.4	2.42
Accum Units	126.9	135.0	+0.5	2.42
Pearl Inc.	115.4	122.8	+0.9	4.10
Pearl Unit Tst.	122.2	130.0	+0.8	3.20
(Accum. Units)	209.2	222.5	+1.4	3.20
Pearl Intl Equity	117.7	125.2	+0.3	1.67
(Accum Units)	117.7	125.2	+0.3	1.67

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	254.8	273.4	+2.5	1.12
Income	184.0	197.1	+0.8	5.01
Worldwide Recovery	142.9	153.4	+1.0	1.88
American Growth	69.2	74.3	-0.3	0.95
Intl. Emerging Cos.	77.8	83.5	+0.7	0.60
Far East Growth Fd.	61.3	65.8	+1.3	1.06
European Growth Fd.	54.1	58.1	+0.7	2.0

Prolific Unit Trusts
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc.	55.7	59.3xd	-0.3	4.85
Prolific Far East	134.9	145.0	+1.4	0.15
Prolific Extra Inc.	79.4	84.2xd	-0.6	5.02
Prolific C'vert & Gilt	93.5	99.1xd	+0.3	5.32
Prolific High Inc.	171.0	181.3	+0.6	4.07
Prolific Intl.	102.0	109.7	+0.2	1.36
Prolific N. Amer.	138.6	149.0	-1.5	2.08
Prolific Spec. Sits.	191.8	203.4	+1.1	1.48
Prolific Technology	113.6	122.2	-0.1	0.54

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc.	64.2	68.3	+0.9	0.00
Japan Acc.	64.3	68.4	+0.9	0.00
Worldwide Inc.	64.8	69.0xd	+0.2	1.41
Worldwide Acc.	65.7	69.9	+0.3	1.41
European Tst Inc	81.1	86.3	+0.5	0.62
European Tst Acc.	81.4	86.6	+0.5	0.62
North American Inc.	57.0	60.7xd	-0.6	1.61
North American Acc.	57.8	61.5	-0.6	1.61
UK Equity Inc	63.4	67.5	+0.4	2.67
UK Equity Acc.	65.0	69.2	+0.4	2.67

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	57.4	61.4	+0.1	2.01
PM Income and Growth	56.2	60.2	+0.3	4.60

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh 031-226 3271

American Fund	218.4	232.6	-0.8	2.18
(Accum. Units)	245.3	261.2	-0.9	2.18
(Withdrawal Units)	158.1	168.4	-0.6	2.18
Australian Fund	112.5	119.8	-0.3	0.96
(Accum. Units)	113.7	121.1	-0.3	0.96
British Fund	547.5	583.1	+0.8	4.15
(Accum. Units)	737.5	785.4	+1.0	4.15
European Fund	252.8	269.2	+2.5	0.87
(Accum. Units)	266.2	283.5	+2.7	0.87
Japan Fund	251.5	267.8	+2.8	0.38
(Accum. Units)	252.3	268.6	+2.8	0.38
Saints PPP	146.6	154.4	.....	—

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham 0403 56293

Equity Tst.	383.7	408.1	+0.2	2.06
North America	56.1	59.6	-0.3	1.80
Far East	62.0	65.9	+0.5	0.89

Sun Life Trust Mngmt. Ltd
107 Cheapside, London EC2V 6DU 01-606 6010

American Growth Acc.	30.2	32.2	.....	1.60
American Income Acc.	29.7	31.6	-0.1	3.90
American Income Inc.	29.4	31.2	+0.2	4.00
European Growth Acc.	46.3	49.5	+0.5	1.80
Far East Growth Acc.	34.5	36.7	+0.5	0.70
Int. Growth Acc.	31.3	33.3	+0.2	0.8
Japan Growth Acc.	43.4	46.2	+0.7	0.3
UK Growth Acc.	34.8	37.0	+0.1	2.0
UK Income Acc.	29.9	31.9	+0.1	3.9
UK Income Inc.	29.3	31.1	.....	4.0
Managed Growth Acc.	37.8	40.3	+0.9	1.90
Managed High Yield Inc.	42.3	45.0xd	-0.5	6.7
Managed Income Inc.	32.0	34.0	+0.2	3.7

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

BNP Inv Mgmnt (Jersey) Ltd
PO Box 158, St Helier, Jersey 0534 76011

BNP Intercurrency Fund Ltd

US Dollar	$10.98xd		+0.03	—
Sterling	$10.28xd		+0.03	—
DMarks	DM30.55xd		+0.04	—

BNP Intermequity Fund Ltd

North American	$10.91	11.36xd	+0.24	—
Far East	$13.09	13.65	+0.77	—

Julius Baer Bank & Trust Co Ltd
Butterfield House, Grand Cayman

Liquibaer J. Baer SF4	$1.996	1.997	+1	—
$-Baer, J Baer$F4*	$1.135	1.140	+1	—
DM-Baer, J.BaerDMF4*	DM1.074	1.079	+2	—

*Plus charge

Bamford Brandt Guernsey Mngt. Ltd
PO Box 71, St Peter Port, Guernsey 0481 26541

Tech and Comm.	$8.02	8.51	—	—
Pac. Basin Fund	$46.50	49.34	—	—

The Bangkok Fund
Bangkok First Inv & Trust Ltd (Inv Advisors)
300 Silom Road, Bangkok, Thailand
NAV Mar 12. BAHT 267,845.60 (US$10,141.82)

Bank of America International SA
35 Boulevard Royal, Luxembourg GD

Worldinvest Inc	$174.11	174.97	—	7.16

Valued weekly on Wednesdays

Barclays Unicorn International
1 Charing Cross, St Helier, Jersey 0534 73741

Unigilt Trust	45.8	47.7	+0.9	11.10
Uni-American Gwth Tst	$20.65	21.97	—	1.20
Unibond Trust	$101.78	102.78	—	9.42
£Stg Multicrncy. Fd.		£11.67	—	11.49
US$ Multicrncy. Fd.		$22.16	—	6.73
DM Multicrncy. Fd.		DM42.26	—	3.75
Yen Multicrncy. Fd.		Y3219	—	5.17

1 Thomas St, Douglas, Isle of Man 0624 23252

Uni-Aust. Acc	71.0	75.6	—	1.5
Uni-Aust. Inc.	68.9	73.3	—	1.5
Uni-Aust. Mineral Acc.	51.9	55.3	—	2.0
Uni-Aust. Mineral Inc	50.2	53.5	—	2.1
Uni-Pacific Trust	248.7	264.6	—	1.3
Uni-International Acc.	102.2	108.8	—	0.5

The English Trust Group
16 Athol St, Douglas, Isle of Man 0624 20738

E.T. Far East	$11.74	12.39	-0.19	—

Next dealing March 21

Equity & Law International Fund Mgs Ltd
Victory Hse, Prospect Hill, Douglas, IoM 0624 77877

European Equity	117.7	125.2	+2.5	—
Far Eastern Equity	$1.139	1.211	+0.010	—
North American Equity	$1.095	1.164	+0.010	—
UK Equity	107.3	114.1	—	—
UK Gilt & Fixed Int.	98.8	105.0	-0.4	—
Deutschemark Deposit	DM4.925	5.077	—	—
Dollar Deposit	$0.993	1.023	—	—
Sterling Deposit	100.4	103.5	—	—
Yen Deposit	495.9	511.2	—	—
Managed Currency	105.9	112.6	+0.8	—

Equity & Law International Life Assur Co Ltd
Victory Hse, Prospect Hill, Douglas, IoM 0624 77877

European Equity	62.8	67.5	+1.0	—
Far Eastern Equity	$0.593	0.637	+0.015	—
North American Equity	$0.562	0.604	-0.001	—
UK Equity	56.0	60.2	+1.3	—
UK Gilt & Fixed Int	49.0	52.6	+0.8	—
Dollar Deposit	$0.479	0.515	—	—
Sterling Deposit	48.8	52.4	+0.1	—
Managed Currency	53.2	57.2	-0.5	—
International Managed	56.4	60.6	+0.8	—

Ermitage Management Ltd
19 Royal Square, St Helier, Jersey, CI 0534 76007

External Fund	$25.42	25.66	—	—
£ Sterling Equivalent	£15.95	17.12	—	—
Bond & Cash Fd	£10.61	10.68xd	—	—
Cash Fund		£22.51	—	—

Ermitage Management Cayman Ltd
PO Box 2192, Grand Cayman, BWI

GAM Ermitage Inv Inc		$18.88xd	—	19.04
GAM Ermitage Ltd		$20.72	—	—
Cayman Cash Fd		$11.97	—	—
Hinco	$15.49	15.64	—	—

Eurolife Assurance Group
5-11 Mortimer St, London W1N 7RH 01-631 0778

Sterling Eurobond Fd		114.5	—	—
Intnl Eurobond Fd		114.4	—	—

Hambros Bank Ltd
41 Bishopsgate, London, EC2 01-588 2851

Hambro Pacific Fund Mgmt Ltd
2110 Connaught Centre, Hong Kong

Australian Fd Mar 12	$5.89	6.35	—	—
SE Asian Fd Mar 12	$3.49	3.77	—	—
Japan Fund Mar 14	$34.51	36.92	+1.09	—
Japan Ent Mar 14	$16.61	17.78	+0.27	—

Hambros Fd Mgrs (CI) Ltd
PO Box 86, Guernsey 0481 26521

C.I. Fund	593.3	631.9	—	2.09
Special Sits. Fund	231.4	243.8xd	—	1.54
Sterling Income Fund	111.8	116.8	—	10.27
Dollar Income Fund	$1.097	1.145	—	10.49
Intnl Bond	$119.74	126.03	—	8.85
Int. Equity	$33.43	35.19	—	0.39
Amer Spec Accts.	$1.31	1.37	—	—
Int Savings Fd A	$2.43	2.56	—	—
Int Savings Fd B	$3.61	3.89	—	—
Amer Equity Inc	66.8	70.3xd	—	6.30
American Growth	$6.32	6.66	—	—

Currency Fund

Sterling Shares	£21.36	21.37	—	12.16
US $ Shares	$16.98	16.99	—	7.42
DM Shares	DM42.70	42.71	—	4.25
Swiss Francs	SF30.73	30.74	—	3.00
Yen Shares	Y3,268	3,269	—	5.94
£ Managed Shares	£11.56	12.04	—	11.91
US $ Managed Shares	$17.35	18.06	—	7.50

Currency Distributor Fund

Sterling Shares	£10.22	10.23	—	12.49
US $ Shares	$15.18	15.19	—	7.50
DM Shares	DM40.29	40.30	—	4.20
Swiss Franc Shares	SF30.08	30.09	—	3.00
Yen Shares	Y3030	3031	—	5.98

Heilemp Scandinavian Fund Ltd
Tyndall House, Douglas, IoM 0624 24111

Scandinavian Fd Mar 12	121.9	130.7	—	—

Henderson Admin. (Guernsey)
PO Box 71, St Peter Port, Guernsey 0481 26541

American (US cents)	$1.895	1.963	—	1.38
Nat. Res (US cents)	$1.145	1.232	—	2.33
Gilt Fund	£10.61	11.25	—	11.11
Prime Res. Props	£1.37	1.45	—	1.00
Inc & Growth Portfolio	$1.318	1.402	+0.008	3.97
Balanced Grwth Prtflo	$1.351	1.438	+0.004	0.28
Select Mkts Portfolio	$1.328	1.412	+0.005	0.19
High Income Portfolio	$1.045	1.112	+0.013	10.53

Management International Ltd
Bank of Bermuda Bldgs, Bermuda 809-295 4000

Bda IBFC	22.92	2.16	—	—
Bda IBFI	12.39	12.26	—	—

Prices at Mar 7. Next dealing Mar 14

Bda IEFC	$13.15	13.43	+0.19	—
Bda IEFI	$12.49	12.75	+0.18	—

Prices at Mar 12. Next dealing Mar 19.

Bda ICF US/Mgd.	$12.89	12.90	—	—

Manufacturers Hanover Geofunds
PO Box 92, St Peter Port, Guernsey 0481 23961

Conv. Bds.	$14.95	15.70	+0.43	—

Dealing day daily

LA Inc.	$103.63	103.84	+0.28	—
LA Acc.	$157.94	158.27	+0.36	—

Dealing day Thursday

Midland Bank Tst. Corp. (Jersey) Ltd
28-34 Hill St, St Helier, Jersey 0534 72156

Mid. Bk. O'shore Gilt	109.8	120.3	-0.6	10.88
Mid. Bk. Int. Bond	$1.39	1.40	—	5.71

MIM (Jersey) Limited
PO Box 452, St Helier, Jersey 0534 27411
London Agents: 01-626 3434

Amer. Eq. Inc. (z)	121.5	127.7	+1.2	3.61
Japan Inc. (z)	102.7	107.9	+0.7	3.34
Gilt Inc. (z)	50.9	53.7	-0.3	10.43
Gold & Prec. (z)	$0.553	0.587	+0.002	—
Intl Fd Mar 12	$30.14	32.39	—	—
Stg Reserves Mar 12	17.45	17.45	—	—
US Fix Inst Fd Mar 10	$18.04	18.97	—	—
Amer Gwth Fd Feb 28	$23.38	25.15	—	1.11
Apollo Jan 28	SF128.10	139.00	—	1.0
Jap $ FE Secs Jan 31	US$8.64	9.36	—	0.11

Minerals, Oils Res. Shrs. Fd. Inc.
PO Box 194, St Helier, Jersey 0534 27441

Mores Feb 27	$10.60	11.13	—	2.70

Murray, Johnstone (Inv. Adviser)
163 Hope St, Glasgow C2 041-221 9252

Hope St Mar 12	$110.16	117.99	—	—
Murray Fund Mar 13	23.99	25.56	—	—
Pacific Fund March 12	4.84	5.16	—	—

NEL Britannia Int Ass Ltd

Save & Prosper International
PO Box 73, St Helier, Jersey 0534 73933

Fixed Interest Funds

Deutschmark Bd.	DM11.55	12.22xd	-0.04	4.50
Dllr. Fxd. Int.	$8.76	9.27	—	9.49
St Fixed	115.9	122.6	+0.2	11.42
Yen Bond	Y1,729	1,830	—	2.46

Equity Funds

Global Portfolio Fd $	$6.44	6.97	+0.04	1.16
Global Portfolio Fd £	£4.39	4.75	-0.1	1.16
UK Growth	202.5	219.0	+1.1	1.78
Internl. Gr.	$12.82	13.86	+0.11	0.89
Far Eastern	34.01	36.77	+1.39	0.29
North American	$11.56	12.44	+0.05	0.24
Gold	$9.74	10.53	+0.01	9.54
Japan	$8.00	8.66	+0.23	0.00
Balanced Fund (z) NAV		$14.18	+0.26	—

Multicurrency Reserve Fund

US $		1.00	—	6.88
D Marks		10.00	—	3.22
£ Sterling		1.00	—	11.99
Yen		1000.00	—	4.36

Deposit Fund

Sterling Deposit	218.1	218.2	+0.3	0.11

Daily prices dealing 13.3.86.

Scandinavian Bk Fd Mgrs Ltd
PO Box 1984, Grand Cayman, BWI 809-94-98244

SBL Int Inv Fd Ltd

Intl. Equity Fd	$1.29	1.35	—	—
Intl. Treas. & Bond Fd.	$1.22	1.23	—	—

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey 0534 27561

Schroder Money Funds Ltd

Sterling		£18.0807	—	12.20
US $		$32.5590	—	7.43
D-Mark		DM57.2762	—	3.56
Swiss Franc		SF55.7050	—	2.81
Yen		Y3,843.53	—	5.29

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, London EC2 01-382 6000

Asia in Tst March 5		$33.89	—	0.90
Asian Fd March 14	$32.15	34.61	+0.11	4.10
Cheapside March 13		$12.63	+0.02	2.38
Darling Aust. Tst	A$4.97	4.92	+0.02	4.90
Japan Fund March 14	$30.96	33.27	+0.73	0.18
Trafalgar Fund Feb 28	$19.48	20.67	—	—
Nacs & Th March 12		$47.18	+0.36	—
Asian Intnl Tst Acc	$37.07	39.80	+0.22	—
Currency & Bd Fd Inc	$13.20	13.92	—	4.60
Currency & Bd Fd Acc	$27.48	28.97	—	—

Schroder Fin. Mgmt. Intl. Limited
Box 273 St Peter Port, Guernsey 0481 28750

Mngd. Currency*	645.6	678.8	-0.4	5.89
£ Fixed Interest*	671.3	706.3	+0.6	7.08
Hong Kong Fund*	9.945	10.591xd	-0.45	1.59

World Fund SA
2 Boulevard Royal, Luxembourg

World Fund NAV		$16.20	+0.03	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd		$15.96	-0.07	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech		$14.38	-0.09	—
Dynamic Gwth Fd		$13.65	+0.10	—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$11.66	12.35	—	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	12.40	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	13.02	9.73	14.32	6mth
7-day Fnd	12.94	9.67	14.24	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.58	9.40	13.74	6-Mth
7-day Fund	12.81	9.58	14.01	6-Mth
Dollar	6.43	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	11.50	8.50	12.53	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	12.00	8.97	13.26	Qtr
Mth. Int. Chq.	12.00	8.97	13.38	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
HiBCA	12.60	9.42	14.05	mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 80[illegible]				
Money Mkt Cheque Acc.	11.05	8.25	12.24	[illegible]
Barclays Prime Account PO Box 125, Northampton 0604 25[illegible]				
High Int. Cheque	11.50	8.50	12.54	[illegible]
Britannia Investment Services Ltd. 74-78 Finsbury Pavement, EC2A 1JD. 01-588 2777				
Cater Allen	12.00	8.97	13.3644	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	12.25	9.16	13.64	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-741 4941				
Money Market Plus	—	9.05	13.47	Mth

Co-operative Bank Cheque & Save

Western Trust & Savings Limited
The Moneycentre, Plymouth PL1 1SE 0752 24141

High Int Chq Acc	12.56	9.39	13.90	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. φ Yield column shows annualised rates of NAV increase. xd ex dividend.

OFFSHORE AND OVERSEAS

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Metal Closures	14
BOC Grp.	27	Midland Bk.	35
BSR	8	NEI	10
BTR	33	Nat West Bk	55
Babcock	13	P & O Dfd	35
Barclays	33	Plessey	14
Beecham	30	Polly Peck	21
Blue Circle	50	Racal Elect	15
Boots	24	RHM	12
Bowaters	30	Rank Org Ord	35
Brit Aerospace	32	Reed Intnl	60
Brit. Telecom	17	Sears	11
Brown (J.)	$3\frac{1}{2}$	TI	35
Burton Ord	45	Tesco	24
Cadburys	13	Thorn EMI	34
Charter Cons	18	Trust Houses	12
Comm Union	23	Turner Newall	$9\frac{1}{2}$
Courtaulds	13	Unilever	90
Distillers	36	Vickers	35
FNFC	12	**Property**	
Gen Accident	55	Brit Land	14
Gen Electric	14	Land Secs	26
Glaxo	106	MEPC	26
Grand Met	30	Peachey	24
GUS 'A'	70	Samuel Props	15
Guardian	60	**Oils**	
GKN	20	Brit. Oil & Min.	$5\frac{1}{2}$
Hanson Tst.	18	Brit Petroleum	45
Hawker Sidd	36	Burmah Oil	27
ICI	42	Charterhall	4
"Imps"	16	Premier	5
Jaguar	27	Shell	55
Ladbroke	27	Tricentrol	18
Legal & Gen	60	Ultramar	18
Lex Service	24	**Mines**	
Lloyds Bank	35	Cons Gold	40
Lucas Inds	38	Lonrho	12
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

1985/86 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99½	96⅛	Treas. 10pcCnv 1986	99½xd	.....	10.02	12.64
98½	92¾	Treas 3pc 1986	98½	+⅛	3.05	12.37
100	97½	Exch. 10½pc 1986	99⅝	.....	10.54	12.51
101⅞	99¼	Treas 12pc 1986	100	-⅛	11.99	11.70
99¾	94¼	Treas 8¼pc 1984-86‡‡	99¼	.....	8.57	11.32
105½	100⅝	Exch. 14pc 1986	101⅝	+⅛	13.78	11.11
95½	87¾	Exch. 2½pc 1986	95½	.....	2.62	9.42
104½	100⅝	Exch. 13¼pc 1987	101⅞	+⅛	13.01	10.82
99½	96⅝	Treas 10¼pcCv '87	99⅝	+⅛	10.29	10.68
94¼	85½	Exch 2½pc 1987	94⅝	+⅛	2.65	8.84
100½	96¾	Exch. 10½pc 1987	99⅞xd	+⅛	10.51	10.67
96½	89	Funding 6½pc '85-87‡‡	96⅜	.....	6.76	10.23
99½	95½	Treas. 10pc 1987	99⅛	+⅛	10.09	10.72
93½	84¾	Treas 3pc 1987	93¼	.....	3.22	8.48
102½	99⅛	Treas. 12pc 1987	101⅞	+⅛	11.78	10.68
96½	90¼	Treas 7¾pc 1985-88‡‡	95¾	.....	8.09	10.26
100½	95½	Exch 10½pc '88	100	+⅛	10.50	10.49
98½	93¼	Treas 9¾pc Cv '88	98⅛	+⅛	9.89	10.46
89¾	80	Transport 3pc '78-88	89⅛	.....	3.37	8.30
98	91½	Treas. 9½pc '88	97⅝	+⅛	9.74	10.55
103¼	97⅝	Treas 11½pc 1989	102⅞	+⅛	11.18	10.33
98½	90¼	Treas 9½pc Cnv. '89	98⅛xd	+⅛	9.67	10.17
85¼	79	Treas 3pc 1989	85½	-⅛	3.51	8.30
100½	94	Treas 10½pc 1989	100⅛	+⅛	10.46	10.31
99⅝	92	Exch.10pc 1989	99⅛	+⅛	10.09	10.32
102⅝	95	Exch 11pc 1989	102⅛xd	+⅛	10.78	10.28
88¼	79	Treas 5pc 1986-89	88xd	-⅛	5.68	9.00
104½	95	Exch 10¼pcCv '89	103⅛	+⅛	9.94	9.14
109⅝	103⅛	Treas 13pc 1990‡‡	109⅛	+⅛	11.92	10.06
103½	96½	Exch 11pc 1990‡‡	103	+⅛	10.71	10.16
108¼	100⅝	Exch. 12½pc 1990	108xd	+⅛	11.58	10.03
81½	75¾	Treas. 3pc 1990	81⅝	-⅛	3.68	8.33

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

215	115	Hampton Areas 10p	123	+3	3.75	0.9	4.1
260	135	♥Highwood Res.	230	......	—	—	—
£22½	£15¼	Homestake Mining $1	£17⅛	−¼	Q20c	—	0.8
310	155	♥McFinley Red Lake	185	......	—	—	—
335	195	♥Musto Explorations	255	−10	—	—	—
55	23	♥New Sabina Res C$1	42	......	—	—	—
375	195	Northgate C$1	225	......	—	—	—
685	507	RTZ	630	+3	†20.0	2.8	4.5
£145½	£114½	Do. 9½pcLn '95-2000	£135	+1	Q9½%	14.0	f7.3
980	800	♥Tara Expln $1	925	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ∥ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	104	......	Fin. 13% 97/02	£118¼	......
Craig & Rose £1	£24	......	Arnotts	320	......
Finlay Pkg. 5p	47	−1	CPI Hldgs	57	......
Holt (Jos) 25p	745	......	Carrol Inds.	172	......
IoM Stm. £1	75	......	Dublin Gas	56	......
			Hall (R. & H.)	77	......
IRISH			Helton Hldgs.	31	......
Fund 11¼% 1988	£100	......	Irish Ropes	58	......
Nat. 9¾% 84/89	£97⅞	......	Unidare	150xd	+5

"Recent Issues" and "Rights" Page 14

FINANCIAL TIMES
Saturday March 15 1986

Buy-out plan by BA executives

BY MICHAEL DONNE AND CHARLES BATCHELOR

SENIOR executives of British Airways are exploring the possibility of a management buy-out, involving many of the employees, of part or all of the Government's 100 per cent shareholding in the airline. The idea is being privately mooted with City financial institutions.

The move follows the Government decision this week to postpone the privatisation of the airline indefinitely because of *last-minute difficulties over the* Anglo-US Bermuda Two bilateral air services agreement.

One possibility being mooted is the placing of something over half the BA equity with a group of institutions and with its own *staff in April or May,* leaving the rest of the shares to be offered to the public after the conclusion of the Bermuda Two talks.

If BA could prove to the Government that there was strong City interest in its shares and also show that many of its 36,000 employees were keen to take them up, there could be pressure on ministers to agree.

Nonetheless, if the Government believes that for political reasons—that is, the future of the Anglo-US bilateral air services agreement—the time is *not ripe for privatisation,* it is unlikely to agree to any management buy-out, in the same way that it is not yet prepared to countenance a direct sale of the shares to the public.

BA executives are due to *make a presentation to a large* group of institutions on Monday.

They are keen to keep up the momentum of the airline's privatisation programme, arguing that every airline is dependent on bilateral agreements such as Bermuda Two and that these particular negotiations should *not be allowed to jeopardise its* plans.

At the heart of the Government's decision to postpone the privatisation is the need to renegotiate part of the Bermuda Two pact—Annex Two—governing the capacity that airlines can put on the North Atlantic route. *The pact expires in July.*

The UK state airline gets 23 per cent of its revenues from the North Atlantic route, while British Caledonian gets 36 per cent, and Virgin Atlantic close to 100 per cent.

The buy-out proposal stems from the anger and frustration felt by many senior managers who have worked hard over the past three years to prepare the staff for privatisation.

They fear that the latest delay, *albeit in the Government's* view for good political and economic reasons, takes little account of the difficulties that the airline itself is likely to be placed under.

These include the need to sustain staff morale, which has been carefully built up to meet the change to private sector ownership, as well as the need to re-equip the airline at the rate of some £550m a year until the early 1990s.

This is impossible under present Public Sector Borrowing Requirement rules, but it is becoming increasingly urgent as *the fleet gets older, especially* the Boeing 747 Jumbo jet fleet.

BS to pay for shipyard transfer, Page 4

Kenning rejects £70.8m bid from TKM

BY JOHN GRIFFITHS IN LONDON AND LACHLAN DRUMMOND IN SYDNEY

A CASH or shares bid valuing the *Kenning Motor Group* at £70.8m was made yesterday by Mr Ron Brierley, the New Zealand entrepreneur, through Tozer Kemsley and Millbourn and another *Brierley* subsidiary, IEP Finance.

It was rejected within hours by Mr Herbet Oxspring, Kenning's chairman, and his board. It was described as "considerably undervaluing" one of the UK's largest retail motor groups.

The bid offered seven new 8.5 per cent convertible cumula*tive preference shares in TKM,* which like Kenning has a broad spread of motor interests, for every four Kenning ordinary shares. The TKM shares were valued at 96p before the bid *announcement yesterday. The* alternative offer was 135p cash, well below Kenning's 170p pre-bid price. Last night Kenning closed at 168p, a drop of 5p. *TKM closed at 95p, down 3p.*

Kenning urged shareholders *to wait for its detailed* recommendations before reacting.

A bid *inspired* by Mr Brierley's Industrial Equity (IEL) group, which is among the 10 biggest companies in Australia with a market capitalisation of $A2bn (£966.9m), had been expected following *the acquisition of 29.9 per cent* of Kenning's shares from Kuwaiti interests by a third IEL subsidiary in October.

It marks a further intensification of Mr Brierley's declared *intent to seek a wider* investment portfolio in Europe, as a result of becoming increasingly disenchanted with prospects for further growth in the Pacific region.

His plans began taking shape in the middle of last year, when IEP Finance acquired a 62 per cent stake in the then deeply troubled TKM, whose £5.6m pre-tax profits were offset by borrowings of more than £80m.

Since then, TKM's borrowings have been sharply reduced and the group is now being used as Mr Brierley's main vehicle for expansion in the UK. Like Kenning, it has several BL franchises. Also, it holds the import concession for Daihatsu and Alfa Romeo, and is a part *owner of the Mazda franchise.*

Mr Reg Heath, TKM's group chief executive, said last night that Kenning's activities were seen as *complementary to* TKM's. Kenning, apart from its BL dealerships, has car rental and tyre retailing interests, as well as several motor-related businesses overseas. Last year it made a pre-tax profit of £4.86m, although its UK motors division made a loss.

Mr Heath said "lots of motor traders are now making money. Kenning simply needs better direction and a stronger management."

Background, Page 4

Continued from Page 1

Argyll

unveiling its own legal counter-attack in this increasingly litigious and bitterly-fought bid. *The writ for damages has been* issued against the Argyll group, Mr James Gulliver, its chairman, and Mr David Webster, finance director, its merchant bank advisers, Samuel Montagu, Noble *Grossart and Charterhouse* Japhet, its advertising agency Saatchi and Saatchi, and its public relations advisers Broad Street Associates.

The writ cites several Argyll advertisements in national *newspapers between January 31* and March 12 which attack Guinness or Distillers or both. Guinness's solicitor

Sir David said: "The action is about advertisements which are regarded as disgraceful. The view is taken that enough is enough. This is bad for the whole of the City and you have to call a halt at some stage."

Hanson Trust two weeks ago started a similar defamation action against the Imperial Group, its bid target, over a hard-hitting newspaper advertising campaign.

Argyll said it had no intention of withdrawing its *advertisements, which it had* cleared with its own lawyers and the Takeover Panel before use. Mr Webster added that if Guinness had a real grievance *it would have gone* to the courts several weeks ago.

Traded options computer fails

BY ALEXANDER NICOLL

A COMPUTER failure yesterday closed the London Stock Exchange's traded options *market,* which had been used increasingly for speculation and hedging during the current stock market boom.

A computerised matching system, launched on Thursday to cope with the recent surge in volume, had developed hardware faults, the Exchange said. Thursday's deals were still not processed by yesterday morning and the Exchange suspended trading, first until 1 pm, then until Monday.

Jobbers and brokers on the Exchange floor, were angered by the closure, which heightened City concern about the ability of the Exchange's technology to cope with the large increase in securities trading volume expected after the Big Bang restructuring in October.

The failure followed a string of smaller-scale technical prob*lems caused by rising volume.* It irritated brokers specialising in options because it occurred just as they appeared to be winning an eight-year struggle to *gain recognition for options* among British investors.

Volume has trebled *in the* past six months and on Wednesday reached a record 33,679 contracts. By the end of last month the value of outstanding contracts had reached £1.6bn. Options on equities are the most actively traded, with each pro*viding the right to buy or sell* 1,000 underlying shares at a set exercise price.

"Let us hope this is not a portent of what's going to happen on Big Bang day," said one institutional fund manager active in the options market.

A jobber said: "If we had had a raging bull stock market today, we would have been absolutely scuppered." This was because a big equity market move would have created huge exposure for market-makers *and investors in the highly* volatile options market, but they would have been unable to close out or hedge their positions.

As it was, the large losses which could have been incurred are likely to have been mitigated by the stock market's fairly dull performance yesterday.

The closure was also embarrassing as the new system was introduced on the same day *the London International* Financial Futures Exchange (Liffe) launched gilt options to rival those of the Stock Exchange.

The latter trades options on more than 30 blue-chip equities and on the Financial Times-Stock Exchange index of 100 shares. It also has options on selected gilts and on the dollar's exchange rates against the pound and D-Mark, and has a programme to introduce about one new contract every month.

Options provide a cheap way *to bet on a share price move*ment, as well as a means for investors to protect themselves against price movements. However, their wide price swings mean they are risky and traders need to be able to get into and *out of positions at any time.*

Among the most actively traded options have been those on shares which are either involved in takeover bids or are the subject of bid rumours. Hanson Trust and Imperial Group options have been very heavily traded, as have those *of Lonrho.* Some traders believed that covering of short options positions helped the Lonrho share price to rise 12p to 290p yesterday.

Stock exchange traders whose bargains from Thursday have still not been fully processed have been summoned to the Exchange at 9 am today, so that business can begin with a clean slate on Monday.

The matching system, located on the floor of the Exchange, failed when it was corrupted by the addition of an extra input terminal on Thursday to cope with the day's volume, which totalled about 24,500 contracts.

Hostage threat clouds election

By David Housego in Paris

French Parliamentary elections officially ended last night with every sign that the nation will *go to the polls on Sunday* under the threat of fresh action against French hostages being held in the Lebanon.

The extremist Islamic Jihad group yesterday intensified pressure on the French Government by making available video film of three of the hostages in which they said their fate depended on a change in French policy in the Middle East.

The release of the film dashed hopes that they might be freed after the Government *met one of he kidnappers'* main demands in negotiating with the Iraqi Government the release of the two Iraqi dissidents expelled from France to Baghdad.

The Islamic Jihad group has set a deadline *of tomorrow for* France to meet its conditions without specifying what further measures it might take. But opposition leaders have made common cause with the government in attempting to minimise *the impact on* the election.

Eve-of-election opinion polls, which under French law cannot be published, are understood to give the parliamentary right—the neo-Gaullist RPR and the centrist UDF—a comfortable *majority in the new* National Assembly.

The Socialists would none the less obtain their more limited objective of remaining the largest single party in the Assembly.

If Sunday's vote confirms this projection, France will for the first time in the *27-year* history of the Fifth Republic *face* the position where the President and the majority in the National Assembly are from opposing political camps.

In spite of this uncertainty *and the widespread expectation* of a devaluation of the franc after the election, the French currency this week has remained stable within the European Monetary System, closing in Paris yesterday at *FFr 3.0770* against the D-mark. Eurofranc interest rates dropped from a recent high of 17.5 per cent on one-month deposits and 18 per cent on eight-day deposits on Wednesday, to 14.25 per cent and 11 per cent respectively yesterday.

In advance of the election the Bourse—which has been hesitant all week—rose sharply yesterday by 2.86 per cent.

In political circles suspense has been growing over who President Mitterrand will appoint as Prime Minister. However, such a move would be opposed by the RPR, the largest and most disciplined opposition group which wants its leader, Mr Jacques Chirac, to be Prime Minister.

Voters will be electing deputies for 555 seats in the *National Asembly for metropo*litan France with a further 22 seats reserved for the overseas territories and departments. To secure an absolute majority the opposition will need to win a minimum of 289 seats.

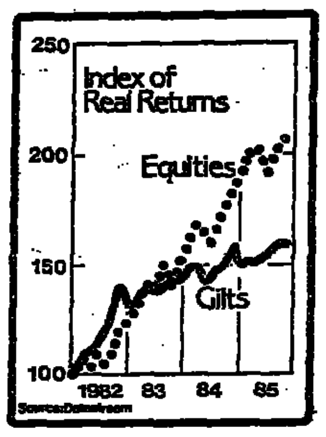
Islamic Jihad demands, Page 2

THE LEX COLUMN

Nothing to lose but your gains

By almost any yardstick that has been *conventionally em*ployed to test stock markets—*yield gaps, risk premiums, earn*ings multiples, and even the slope of the market chart—the London equity market is looking dangerously overstretched. Equities have risen so far that the historic yield on industrials now runs nearly half a point below that on longer-dated index linked stock. The new indexed yield gap which has opened up, matching the old reverse yield gap between equities and conventional gilt edged, is an extraordinary demonstration of faith in perpetual dividend growth. The cult *of the equity* rides again.

Index rose 10.1 to 1360.7



Above all, the acceleration in the market's rise — this week the FT Ordinary index climbed about twice as fast as in the earlier weeks of the bull run — is making the older market *hands feel nervous, even* when they are unable to identify their reasons for expecting a reverse.

Feverish phenomena are not hard to seek. *Takeover* campaigns are being conducted with an emotional intensity and with a ruthless element reminiscent of the takeover boom of the late sixties. Aggressive companies are manifesting *a top-of-the market* urge to spew out share certificates without obvious regard for the interests of existing shareholders. Had Rank's *share* price tracked *the index* since the day before its offer for Granada it should by now have been comfortably over 600p; last night it closed at 520p, having had to bear the weight of underwriting a cash alter*native.*

On a smaller scale, but right in the centre of the market's trading mechanism, threats of *litigation were bandied about* the floor of the Stock Exchange yesterday, after options trading had been halted by a computer failure. The way in which market hardware seems to be seizing up even before the big bang seems all of a piece with what is happening to the regulatory atmosphere; trivial requests for judicial review of takeover minutiae show how *fast* the old system is being superseded.

Stock market sceptics have history on their side, it is true, *but they have no convincing* answer to the 12-dollar question posed by the oil market. The world-wide enthusiasm for equities rests to a great extent on the stimulation of world trade by cheaper oil, coupled with improved manufacturing margins, flowing through in due course to accelerating dividend growth. Even in the UK, where there is a relatively fine balance between damage to the oil sector and benefits elsewhere, there is no difficulty in making the overall market rise by jumping *into stocks that stand to gain.* Oil has a smaller weighting every day.

Even if the oil price were to be revived by sterling work at Opec, so that it stabilised in the higher rather than lower teens, that would not be all bad for UK equities. The pound would doubtless strengthen again, and the chances of further interest rates cuts. The market in its present mood does not care which side the coin may fall.

Perhaps die-hards will simply have to accept that the equity market *has a claim to be re*rated *en bloc,* even if it is already on a multiple higher than anything seen since 1973. But that does not mean that it will progress indefinitely upwards, least of all at the present rate. *Markets which rise faster* and faster tend to need more and better quality gossip. They usually become vulnerable to withdrawal symptoms if expected good news does not arrive, while shocks are apt to have *a reverberant impact.*

The role of credit in sustaining this market has been played down by the City from the beginning. It is no doubt true that 1986 differs from 1973 in many ways, and the absence *of an overextended secondary* banking sector is one of the more pleasant divergencies. Yet there has been an aspect of the market's rise which reflects the desire by companies to use their recently improved balance sheets in order to gear up, all over again, to buy whatever corporate *assets are* still undervalued by the market.

As this process has gathered pace, it has become harder to find worthwhile assets trading far below book value, even where protected from normal takeover activity by their large size, the monopolies commission *or the Independent* Broadcasting Authority. Whatever the high-rollers may do, the corporate sector is in no danger of becoming overgeared in the *aggregate—indeed,* it is probably still generating cash faster than most people can remember. But if the market si looking for an excuse to reassess its own direction, a *big rights issue*—on the lines of Hanson Trust's effort last summer—would do as well as a moderate sized company failure.

Golden Wonder

There seems no end to what corporate managements *will do* to get round the hard men of the Office of Fair Trading, but yesterday's agreement by Imperial to sell Golden Wonder must take hte biscuit. When Imperial started hawking Golden Wonder *to* break down the potential corner in snack-foods that the OFT feared from a combined Imps/United Biscuit group, the market (including UB) expected a price in the region of £80m. As it is, Imps intends *to sell the business to* Dalgety for £54m or a bit more if the UB deal does not go through before Golden Wonder has bought its potatoes for the year.

Golden Wonder made £2.5m before tax last year because of a bad strike; in 1984, it made *just over £8m on net assets* of £30m and might be expected to better that this year. Either Golden Wonder has more than its share of problems or Imps is selling a strong brand in the top three of a growing market at a *discount to the sector* multiple.

Dalgety certainly thinks its own luck has changed. The acquisition will almost double the proportion of its profit from value-added groceries on an existing distribution base. It is just the sort of thing that the City, impatient with pastoral earnings from the southern *hemisphere, has long demanded.* But that will cut little ice with the shareholders of Imps or UB — or with Hanson, for that matter.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Conv 9½pc '05 A	25½	+ ½
AE	187	+ 9
Blue Arrow	333	+ 21
Bridport-Gundry	192	+ 8
Burmah Oil	344	+ 9
Canning (W.)	126	+ 10
Collins (Wm) A	353	+ 30
Dalgety	260	+ 13
Fisons	528	+ 21
IMI	183	+ 12
Lilley (F.J.C.)	88	+ 9
Lonrho	290	+ 12
Mountleigh	700	+ 40
NatWest Bank	816	+ 33
Pearson	485	+ 12
Poseidon	175	+ 25
Raine Inds	48	+ 4½
Rosehaugh	550	+ 45
Rowntree Mack	467	+ 12
Trusthouse Forte	192	+ 8
Unigate	283	+ 8
Vickers	433	+ 10
WPP	478	+ 110
Wellcome	218	+ 13
Woolworth	612	+ 30
FALLS		
BP	548	− 12
Sedgwick	385	− 10
Shell Transport	743	− 14
Ultramar	190	− 8
Wimpey (Geo)	166	− 8

WORLDWIDE WEATHER

UK today: Generally cloudy with rain at times. Some sunshine. *Outlook:* Showers.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Alaccio	R	13	55	Corfu	S	17	63	Luxmbg.	C	3	37	Peking	S	8	46
Algiers	R	9	48	Dallas†	C	8	46	Madeira	C	16	61	Perth	S	24	75
Amsdm.	C	5	41	*Dublin*	C	13	55	*Madrid*		—	—	*Prague*	C	6	43
Athens	F	13	55	Dbrvnk.	S	16	61	Majorca		—	—	Reykjvk.	C	0	32
Bahrain	S	25	77	Ednbgh.	C	10	50	Malaga		—	—	Rhodes	S	18	64
Barclna.		—	—	*Faro*	S	17	63	*Malta*	F	17	63	*Rio J'o*		—	—
Beirut		—	—	Florence	S	15	59	M'chstr.	C	8	46	Rome	F	16	61
Belfast	R	11	52	Frankft	C	6	43	Melbne.	R	30	86	Salzbrg.	C	9	48
Belgrd.	S	11	52	Geneva	S	8	46	Mx. C.		—	—	S F'cisco†	C	7	45
Berlin	C	7	45	Gibraltar	S	15	59	Miami†	F	24	75	Singapr.	F	28	82
Biarritz	C	11	52	Glasgow	R	9	48	Milan	F	24	75	S'tiago		—	—
Bmghm.	R	7	45	G'nsey	C	7	45	Montrl.†	R	0	32	Stckhm.	C	0	32
Blackpl.	C	7	45	Helsinki	F	−1	30	Moscow	C	−2	28	Strasbg.	C	4	39
Bombay		—	—	H. Kong	C	24	75	Munich	C	5	41	Sydney	S	25	77
Bordx.	F	12	54	Innsbrk.	S	5	41	Nairobi	F	30	86	Tangier	S	14	57
Boulgn.	F	5	41	Invrnss.	F	12	54	Naples	S	17	63	Tel Aviv	S	22	72
Bristol	C	9	48	I.o.Man	R	7	45	Nassau		—	—	Tenerife	S	19	66
Brussels	F	6	43	Istanbul	R	5	41	Nwcstl.	C	6	43	Tokyo	R	5	41
Budpst.	C	5	41	Jersey	F	9	48	N Delhi	F	25	77	T'ronto†	Fg	1	34
Cairo	S	25	77	*Jo'burg*	F	23	73	N York†	Fg	3	37	Tunis	F	16	61
Cardiff	C	7	45	L. Plms.	S	19	66	Nice	S	14	57	Valencia		—	—
Cape T.	F	24	75	Lisbon	S	14	57	Nicosia	S	21	70	Venice	F	11	52
Chicago†	C	2	36	*Locarno*	S	11	52	*Oporto*	S	13	55	*Vienna*	R	2	36
Cologne	C	5	41	London	S	9	48	Oslo	C	1	34	Warsaw	C	1	34
Cpnhgn.	C	1	34	L. Ang.†	C	8	46	Paris	S	8	46	Zurich	S	6	41

C—Cloudy. D—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
GMT temperatures.

هكذا منه الأصل

Oil minister calls on the Muse To attack Opec price war ruse

BY DOMINIC LAWSON

Dr Mana Saeed Al-Otaiba, the oil minister of the United Arab Emirates, is to launch a sharp attack — in Stanzas — on the "price war" strategy of Saudi *Arabia and Kuwait* at tomorrow's first session in Geneva of an extraordinary meeting of oil ministers from the Organisation of Petroleum Exporting Countries.

The UAE, a leading member of Opec, has been standing squarely behind the policy of its fellow producers from the conservative Gulf states. The tactic has been to use the threat of a price war *to* force non-Opec producers, particularly the UK, to cut production.

Tomorrow, Dr Otaiba, the author of 14 books of poetry, will present his 12 ministerial colleagues with copies in *English and Arabic of a poem,* "A free invitation to the oil banquet."

The poem calls on Opec to cut production and shoulder the responsibility of forcing the oil price back to levels seen before the collapse of the last three months.

Oh you who have built for
Opec a mighty place,
Do you now seek to demolish
its edifice?
Is this a brave action or a
streak of madness
Which people of intelligence
could not contain?
Will you now turn your oil
into a sword of war,
Hoping that its own sharp
edge will defend it?
No! Do not use the sword of
oil to hit against
Swords of others, lest you
blunt your own instrument.

Stanza by Dr Mana Saeed Al-Otaiba, oil minister of the United Arab Emirates.

The poem appears to back the call from Iran and Algeria for a savage cut in Opec output. Opec is producing 17.2m barrels a day.

At the end of the poem, Dr Otaiba declares: "The solution lies in declaring a fast! If Opec keeps its oil, who can rob it?"

Since its meeting in Geneva last January, Opec has been officially committed to increasing its share of the stagnant *world* oil market.

The UAE, in terms of production, has been one of the biggest beneficiaries of this policy. It is producing about 1.4m b/d, compared with the 950,000 b/d allowed under Opec's overall 16m b/d ceiling.

With spot oil prices at about half their levels of the end of last year, even the UAE has not gained from an increased market share.

● One casualty of the oil price war, the forward market in Brent North Sea oil, took a further knock yesterday when it emerged that a trader was failing to honour contracts to buy about 10 cargoes of North Sea oil for delivery this month.

Interest rate hopes Continued from Page 1

mortgage commitments to £2.78bn, the second highest level ever.

The pound fell yesterday, losing 0.3 on the Bank of England trade-weighted index. It closed in London at 74.3, still nearly one point higher than at the start of the week. Against the D-mark sterling lost 3¼ pfennig yesterday, closing at DM 3.3125.

The pound gained nearly ½ cent, to $1.464, against the dollar, which fell against most currencies. The dollar's weakness took it at one point below *DM 2.25.*

It dipped below Y176 against *the Japanese yen, but recovered* to close in London at DM 2.262 and Y176.95.

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WEEKEND FT

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• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

This week's revised draft plan for London's financial centre aims to turn the medieval into the modern. **Godfrey Hodgson** reports

The City shapes its future

IF, AS some assert, the real division among those who run Britain is between the conservators and the businessmen, between those whose social ideal is the tranquil order of a Victorian estate and those who would feel happier in the devil-take-the-hindmost ethos of a Californian venture capital park, then the business-minded won a notable symbolic victory this week. After half a dozen centuries on the fence, you might say, the City of London finally came out for capitalism.

The day before yesterday, the Court of Common Council received from its planning committee the revised version of its draft City Plan. The first version, made public in November 1984, was received with howls of rage; critics then claimed the City Corporation was more concerned to conserve buildings and to freeze the fabric of the City than to equip it to compete in the fierce new world of on-line electronic information and dealing services, global financial markets, and deregulation: in other words in the world of the "Big Bang."

The new plan, made public on Thursday, totally reverses its predecessor's priorities. There has been a "revolution in Guildhall thinking," concedes consultant Alex Henney, one of the most trenchant critics of the old proposals.

In fact the new plan itself is less important than this change in the City fathers' attitudes. "We are not going to hang about until the plan is officially in effect," says Michael Cassidy, the City solicitor who, as chairman of the planning committee at the Guildhall, has had as much to do with the revision as any other single person. "Some of our decisions have already reflected the new thinking."

The agreement between the Government and the London Stock Exchange that made the Big Bang possible was reached in the summer of 1983; and some of the mergers between financial institutions, designed to accommodate to the world after the Bang, had already been negotiated by then. The underlying trend towards intensely competitive securities, money and commodities markets on a global basis was clearly visible even earlier. But in the hushed, self-congratulatory world of the Guildhall, the financial revolution was not really understood, as Cassidy admits. Certainly, no one there had worked out the physical implications.

The most dramatic was the sudden demand for LOAFs—Large Open Area Floors—to allow a large number of market dealers to work together in a single space with line-of-vision communications and the electronics and air-conditioning a modern trading floor requires.

It was not until the summer of 1985 that the City planners actually received their first LOAF application but, suddenly, the media was full of suggestions that New York had vast dealing floors everywhere (that was exaggerated, as we shall see); and that unless the City got its act together, the big players in the global markets of the future would look for offices elsewhere in London or even —God forbid!—on the Continent.

Increasingly, thoughtful people in the City echoed the judgment expressed by *surveyor Richard Main. "Whether or not* the City survives depends in large measure on the plan," he said. "But it now seems they are rethinking the whole thing. If they pull this off, they'll be here for another thousand years."

Certainly, the story of the plan reveals the City's traditional government confronting some of the most momentous decisions since the "metropolitan improvements" question of the 1880s led to the emergence of the 20th century capital from Dickens's London. It also gives the first glimpse of the physical shape of the City likely to emerge after the smoke of the Big Bang has drifted away.

The basic political tension in most great world conurbations is between wealthy central districts, which generate a disproportionate part of the tax base, and a surrounding doughnut of highly populated areas, which put in less wealth and take more spending out for their social needs. What is unique about London is the exceptional concentration of wealth in a business district where exceptionally few people (only 6,000) live—and the bizarre anomaly of the way that business district is governed.

In his carefully researched 1983 book, The Brotherhood, Stephen Knight argued that freemasonry plays a major part in the affairs of the City Corporation. Between 1905 and 1981, he asserted, no fewer than 62 Lord Mayors were Masters of the Guildhall masonic lodge, and "the subject of masonry is spoken about openly in interviews for high posts" in the Guildhall bureaucracy. *Fascinating as these assertions may be,* what is probably more important (and certainly more extraordinary) than the alleged influence of freemasonry over Guildhall is the fact that the City's whole system of government is overtly, indeed proudly, based on ancient traditions rooted in the same mediaeval guild system of which modern freemasonry is a 17th century derivative.

Understandably, in a system which (as the official handbooks put it) "rests on the ancient rights and privileges which the citizens of London enjoyed before the Norman Conquest," and essentially took its modern form in the reign of Edward I, there is no nonsense about democracy in the way the City is governed. Most of the powers that in other local authorities are vested in a council elected by the voters at large belong in London to the Court of Common Council. Its members are chosen by an electorate of some 15,000 in 25 wards and the franchise is limited to residents, occupiers, owners or tenants of property in the City. The vast majority of the 280,000 people who work in the City are, of course, disenfranchised.

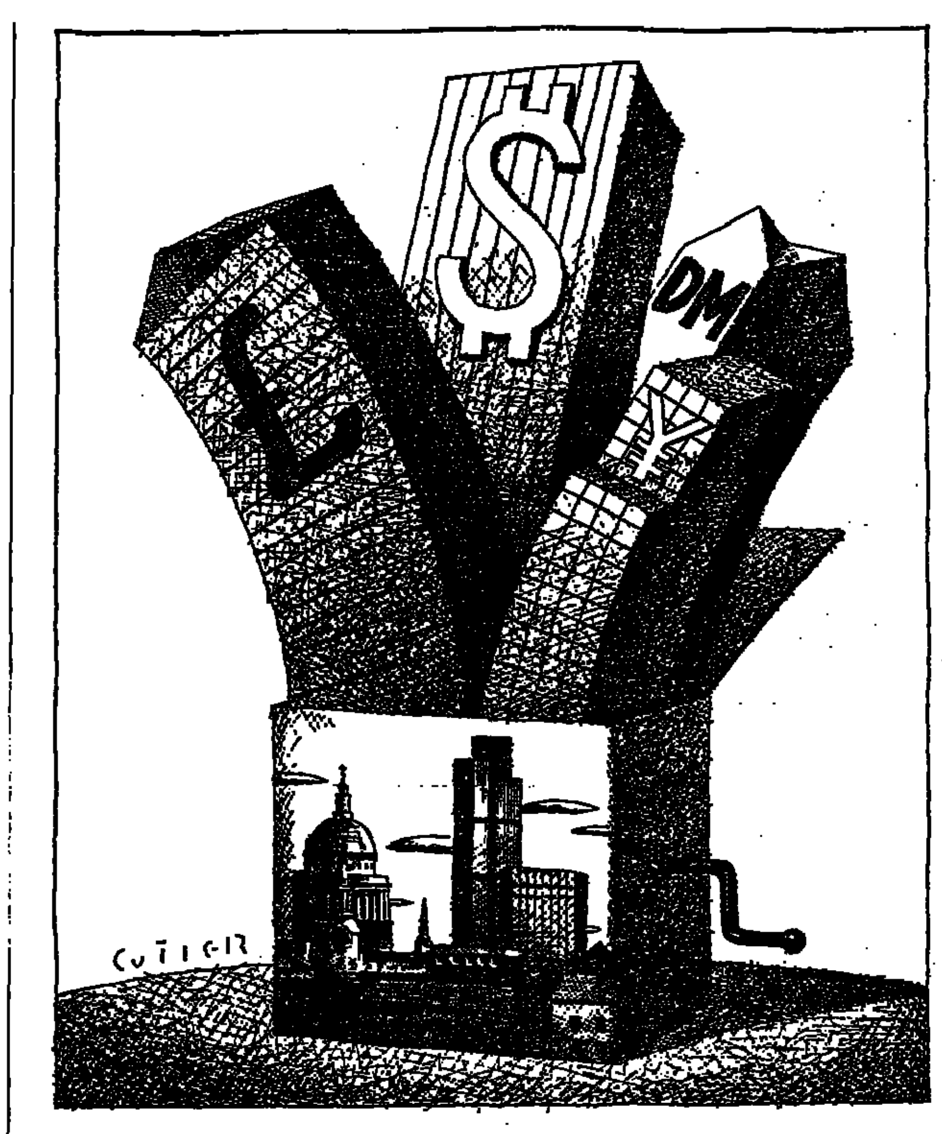
To be elected a Common Councillor, moreover, you must be a freeman of the City and a ratepayer. There are basically four ways of becoming a freeman: by patrimony, which means your father was a freeman (this is the way the Prince of Wales qualifies, for example); by redemption, which means by purchase, and is now rare; by honorary freedom, which is rarer still; and by apprenticeship, which means in effect that you are a freeman of a livery company.

There are 96 of these. The 12 "great companies" such as the Mercers, Goldsmiths, Merchant Taylors and the like are descended from real mediaeval guilds and many have accumulated great endowments in land and other forms of property that are used to support schools and other charities. Others, such as the accountants and surveyors, have become livery companies only in recent years.

The corporation is planning authority *for the so-called Square Mile;* and it was in November 1984 that Dr Keigh Gugan, then chairman of the planning committee, produced a 269-page draft plan and asked the public to comment; 1,500 did. About one-third were concerned with one particular aspect of the plan—namely, transport—but the great majority attacked it as too conservationist. The most devastating criticism was contained in a paper produced in March last year by a working party of the Centre for Policy Studies, chaired by Alex Henney.

The City, said this cogently argued paper, is "currently the leading international financial centre in the world," with at least 220,000 of the 280,000 people employed there working for the financial service industries. But its pre-eminence could not be taken for granted. "We are concerned," ran the key passage in the report, "that the draft plan gives no evidence of understanding the scale of the business changes that are going on in the City, nor of their implications for the City's office building stock."

The working party argued that the Corporation should not attempt to conserve so many old buildings and ought not to be so concerned with preserving activities — such as the fur trade, or Smithfield market, or small business — that were peripheral to the City's essential role as one of the great international financial markets. Above all the report said, "development should



respond to market forces, and planning intervention should be limited to where it can be shown to be both necessary and effective."

As Henney said of the plan: "There was more on catering than on the economy and there was no understanding of the financial revolution at all." He believes this is a direct consequence of the City's peculiar constitution. "If you look at the voting structure," he pointed out, "the big financial institutions have no say."

While this is perhaps an exaggeration, it is true that members of professional firms, especially accountants and solicitors, and managers of domestic financial institutions like the clearing banks and life insurance companies, are well represented on the Court of Common Council; the big international financial institutions that are expected to dominate the City as a world centre after the Big Bang are hardly represented there at all.

The general climate in the City, parliament and the media was highly sympathetic to the views of the Centre for Policy Studies. The Common Council, too, echoed the conviction that the Corporation's first duty was to serve the international role of the City. According to Geoffrey Rowley, the City's town clerk, there was a dispute between the policy committee, which was more "expansionist," and the planning committee, which was more "conservationist."

Henney is blunt about what he considers the real reason for the change in the committee's attitude. "As a result of competition," he said, "the City has done a complete about-turn." The decisive factor, he argued, was that the big international institutions, despairing of getting what they wanted in the City, were looking elsewhere. Citicorp was going to London Bridge City, on the South Bank of the Thames, on what used to be Hay's Wharf. Salomon Brothers was going to Victoria. *Most intriguing* of all, Credit Suisse, First Boston and Morgan Stanley were moving to Canary Wharf in the Docklands of east London.

Those who argued that the City needed to change its development rules because of the demand for new office space made much of the need for LOAFs that could be used for dealers in the international financial markets that were coming into existence. The fashion for LOAFs reached London from New York late in 1984. The new dealing floors *needed uninterrupted spaces.* "That was the buzzword," says Stuart Lipton, now of Rosehaugh Stanhope, who built the first 30,000 ft uninterrupted space at No 1 Finsbury Avenue for Greycoat Estates. And some argued that the City would need a major building boom if it was *not to lose out on the new markets.*

One who took that case and ran with it was G. Ware Travelstead, the developer at Canary Wharf. He proposed putting up two million square feet in the first phase, and 10 million square feet altogether. His plans were predicated on highly optimistic projections. A forecast from the Henley Centre spoke of 200,000 new jobs to come in the financial services industry in the City, and an ultimate demand for 30 million square feet of new space, as against a total of 67 million *feet of new office stock today.*

Last November, the debate about just how much office space would be needed in the City to cope with the Big Bang was focused by two sharply contrasting reports. Savills, which is advising Travelstead on Canary Wharf, estimated *there was a shortage* of six million square feet; but Richard Ellis said the market was "well supplied" and predicted demand actually would fall in 1986.

More recent research, carried out by a team under Honor Chapman at Jones Lang Wootton for Stuart Lipton at Rosehaugh Stanhope, and published more recently, takes a middle view. The JLW Research report estimates that the supply of space in major new office developments between now and 1980 will total about 9.2m sq ft in 57 units, while demand will be for 58 units with a probable total of just under 7m and an outer limit of no more than 9m sq ft.

What does that imply for Canary Wharf? There *will* be demand for space there, Lipton argues, but probably not at the density foreseen in Travelstead's present plans. Cassidy thinks the estimates on which Canary Wharf was based are "wildly optimistic." Is the City threatened by Canary Wharf? "Not if 30m sq ft of new offices are needed," Cassidy replies. But if those figures are *too high, then London ought to* be aware of the danger of the sort of overbuilding that has happened in San Francisco and Chicago, for example.

Cassidy denies the City's change of heart was the result of a panic about the big American institutions moving out to Canary Wharf and elsewhere. For one thing, he says, the planning committee was already rewriting its draft plan before the Canary Wharf scheme was announced in October 1985.

It will be 1988 before the new draft plan goes through all the stages of deposit, objections and public inquiry, but Cassidy makes it plain that his committee will not wait until then to change its policy. "You'll see much *more building on the periphery,*" he says. "Outside the central core, there's going to be a dramatic boom in good quality modern building in the City of London."

What sort of buildings will be going up in that boom? Not only trading floors, says Peter Rees, the City's new controller of planning. "The need is for modern accommodation of a flexible nature, whether or not it is in trading floors." Many experts believe there has been too much stress on dealing floors, as such; Lipton, for example, thinks the ultimate demand will be for no more than 25 large ones in the City and others estimate about 30.

At the Guildhall, planners believe that under the revised policy there will be no shortage of space in the City itself to accommodate the extra offices that will be needed to absorb the Big Bang. Cassidy calculates that under the guidelines there is room for 20 million square feet inside the City, now that London Wall can be built over and the sites of the big Fleet Street printing works are becoming avilable. There will also be changes in plot ratios to allow basement developments.

However, even with its new determination to free the developers from the trammels of planning, the City is still *hampered by the mediaeval street lines.* Some knowledgeable property men believe that there could be one surprising result: that, while most of the big international institutions stay in the City now they will be able to get big dealing floors there, one or more of the clearing banks could find their way down to join G. Ware Travelstead, Credit Suisse, First Boston and publisher Rupert Murdoch in Docklands.

The Long View

Unstable psychology of the bull market

If you can run with the herd while remaining detached in your thinking, there could yet be big opportunities, says Anthony Harris. But if you can't, then don't be greedy.

THE WORLD-WIDE bull market is now somewhere very near the edge of financial mania—one of those great emotional surges that carries values out of all touch with reality—until the bubble bursts. The word and the analysis are not mine but are to be found in the latest issue of the Bank Credit Analyst, a normally sober though occasionally eccentric journal published in Montreal; it bears very much the personal thumbprint of Anthony Boekh, one of BCA's founders.

The history of financial bubbles is, of *course, as old* as the history of bank credit (and so, I must confess, is the history of commentators who have given premature warnings that the bubble might burst). It is precisely this kind of instability — in either direction — that central bankers are meant to prevent.

However, it is impossible to devise a policy which provides both support for the market *and puts the lid on it; and the* starting point of the story, according to Boekh, is the debt crisis. It is just because the troubles of Mexico and the US farm sector and the metal markets are just as bad as everyone says that the central banks cannot at the moment choke off the supply of credit that is also financing the stock market boom. The oil for the troubled waters also feeds the fire.

In another sense, he argues, it is also the debt crisis that lights the match. The great surges, Boekh suggests, are always started when the market has succeeded in getting over the top of what he calls a wall of worry. Early in the 1980s the markets were worried successively by recession, the debt crisis, and finally by concern that the ever-widening US deficit could be financed only through renewed inflation.

All these worries have abated, so the market has been able to stage a fundamental re-evaluation; but although the adjustment has been partly rational, it now has a momentum of its own that will carry it too far — possibly much too far.

Boekh, it must be stressed, writes this firmly in the future tense; the mania is, in his view, what could happen from now on, not what has already hap*pened. As he sees it, the market* could rise much further, and possibly even double, before the by-then-inevitable collapse.

In his view, then, the re-rating profits are probably already in the bag, but the really big rewards for the strong-nerved — as well as the really big risks — are still in the future. Those who wish to stay aboard, he suggests, must be aware of the risks and increasingly alert to possible *danger signs.* He lists *four* main ones; here they are, with my comments.

● **Debt default,** which Boekh sees as decreasingly probable. Major disasters almost certainly can be *contained* — partly through covert assistance to hard cases like Mexico. On the other hand, the central banks probably welcome disasters which fall this side of catastrophe, like the failure of the tin market rescue, as they help to spread a little caution amid the euphoria. This kind of news is shrugged off at the moment, but could send a more nervous market into a steep dive.

● **A further dollar collapse,** compelling the Fed to force interest rates up again, regardless of the risks. This is the disaster scenario just published in book form by Stephen Marris, formerly a top economist in the OECD. Boekh thinks it could be a real danger if the US tips into recession in 1987, especially if by that time Paul Volcker has retired. But apart from present signs of weakness—the lay-off by General Motors of 10,000 workers, some modera*tion in US consumer credit, and* the leading indicators (all greeted this week as good news for bonds)—what matters to investors is not when a recession might set in but when the market might start worrying about the prospect. Alertness is clearly needed here.

● **A major US tax reform,** which is said actually to have been agreed between President Reagan and the Congress. All proposed reforms involve higher corporate taxes. This change should provoke an adjustment, not a collapse.

● **A regulatory drive to stop merger mania.** On this score, Boekh seems to me unduly concerned; for the fact is that the great excesses, which pumped more than \$100bn into the US equity market in 1984, have *already slowed down very mar*kedly. Leverage seems to have been the booster rocket rather than the running fuel of the bull market.

Personally, I would add one more to this list of external hazards:

● **A visible solution to the debt crisis.** A real consolidation of country debt, or even agreement on a set of rules to accommodate countries like Peru (which want to limit their debt-service cash flow to a proportion of export earnings), could leave the mone*tary authorities enough room* for manoeuvre to fire a warning salvo across the nose of the bull market.

So much for the real world outside; there remains the really key question of the psychology and structure of the bull market itself. The psychology for the time being appears very robust—indeed, that is the warning sign. When Wall Street rises because of talk of a boom, and the US bond market rises in the same week on news that could suggest a weakening economy, we are observing tunnel vision: investors in each market see only the signs they regard as favourable. This is nascent mania—high potential profits, but commensurate risks. This is the psychology of all manias.

What is new is not the psychology but the structure. This boom is fully international in a sense never seen before—the London market gets caught up in US euphoria, or the Japanese search for a home for a \$70bn surplus. Flows on this scale cause stock famines; *the market is upwardly volatile.*

Equally, this is the first market in which floating interest rates have been general—which makes bankers less cautious and borrowers more vulnerable. It is the first in which financial futures have been traded on a scale which sometimes swamps the underlying markets; and it is the first in which fund managers, with their herd psychology, have been so dominant. If you can run with the herd while remaining detached in your thinking, there could be large opportunities still. If not, don't be greedy.

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Caution is the victim as the bulls stampede along

London

IT WAS only natural for the market to pause for breath after the hectic surge on Wednesday when the All-Share went rocketing upwards by 1.7 per cent to over 790 but there were no obvious signs that the bulls were in any mood to reappraise their stance. In fact the more the market races ahead the fewer voices can be heard calling for caution.

There were a few specific features behind Wednesday's jump, such as a particularly strong overnight run on Wall Street, some buying of the oil sector on hopes of a recovery in oil to $18 and increasing confidence in an interest rate cut. But these factors only enhanced the general mood of optimism that is already well established in the City.

Share prices are being driven forward by a combination of higher corporate profit forecasts by the brokers, continuous takeover activity and the drop in long gilt yields. There is certainly no shortage of bids around and with bond markets around the world in spanking form as interest rates decline, then gilt yields in London should be able to hold themselves to single figures.

If those yields remain firm any downside risk to the equity market should be limited despite a historic earnings multiple that has shot up to over 16 and looks decidedly high on its own account. Nevertheless, a slightly calmer market may be in prospect next week—Budget permitting.

One stock that is clearly demonstrating the mood of the market is Jaguar. The full-year figures this week proved a little disappointing for most analysts but still the shares moved higher. Pre-tax Jaguar was ahead by almost £30m to £121.3m last year although most of the advance was registered in the first half—a fact which had prompted some rather over-optimistic full-year predictions of £130m.

But anyway the real question for the market now is when the new car, the XJ40, will be launched as its arrival is bound to depress profits in the short term. Disruption and advertising costs could be anywhere between £10m and £20m and as soon as the production lines start rolling profits will have the extra burden of depreciation on more than £80m of assets installed for the project.

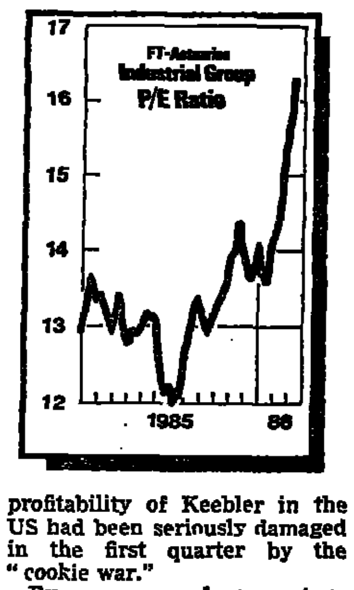
Jaguar will also have to fill a stock pipeline. There is no point in launching a model if there are none in the showrooms. So, unlike last year where production was virtually turned straight into sales with demand outstripping supply, Jaguar may have to build another 2,000 cars than it actually thinks it can sell this year.

The actual launch date is, of course, still to be announced but the month of September might not be too far away from the mark. That means the second half will see costs pile up and full-year profits might not reach much more than £125m pre-tax.

Such a flat performance is unlikely to deter the price from rising, however. Wall Street analysts are big bulls of the stock—some 40 per cent of the equity is in ADR form—and with some leading houses suggesting that there is no reason for Jaguar to be on a discount to the London market then, in theory, US investors are happy to see the price up around 550p.

Elsewhere in a fairly busy week for corporate results, the food sector saw two of its most interesting members, United Biscuits and Hillsdown, report full year figures on the same day. But that coincidence is about as far as parallels can be drawn.

United Biscuits emerged from the smoke of bid battle long enough for the market to consider a respectable set of figures—just as expected. Pre-tax profits rose by 17 per cent to £102.2m which was not bad going bearing in mind that the



profitability of Keebler in the US had been seriously damaged in the first quarter by the "cookie war."

By measure of percentage gain, however, Hillsdown was able to show UB a clean pair of heels. Pre-tax profits soared to £33m, a rise of 77 per cent and, as the chairman said, the current year should produce another "excellent" set of results. Profits in 1986 could come out another £10m higher, while UB, in its present form, would be doing well to turn in anything over £120m.

Hillsdown's management style is to build up a position by acquisition in a fragmented industry, rationalise the parts it has pulled together and squeeze a considerable return from the end result. A year ago many in the City believed the group could not keep it up but today there are not many doubters around.

Over at United Biscuits, a far more mature group, the market is also being asked to take a very positive attitude towards the management's ability. In terms of price there is very little to choose between Hanson's bid for Imperial or UB's friendlier offer though it is probably true that the Imps/UB campaign is having a greater impact with small shareholders than Hanson's.

Yet for professional investors, who have interests in all three groups, the ultimate concern is who can make the best job out of Imperial. Hanson has lost some of its charisma in the City but the group knows how to make assets yield a decent profit. UB on the other hand has shown a fair degree of managerial talent for food, so brewing and tobacco, as consumer orientated areas, are not a million miles away from its bailiwick. Nevertheless UB could have hoped for a better set of numbers than 1985 — with no growth in earnings — to endorse its case.

If the market is a little unsure about UB's ability it certainly felt less than sympathetic to Ladbroke's £195m agreed bid for Home Charm, the Texas DIY outfit. Judging by the way the talks were on then off the haggling was tough going and indeed Home Charm's executives have done well to extract a straight share swop out of Ladbroke with a cash alternative of 325p.

Ladbroke seems to have done less well for its investors. Admittedly Home Charm's 1985 figures were unduly depressed by costs of rapid expansion but on the reported £10.9m profit, down a little against 1984, Ladbroke is paying a hefty exit p/e of 25.

But if Home Charm can make £15m pre-tax this year and the £20m Ladbroke is aiming for the year after, then the purchase price starts to look somewhat less expensive.

Even so the immediate outlook for Ladbroke's shares is bound to be flat. They were already looking slightly overheated before news of the deal with the price standing at sixteen times last year's earnings and the Home Charm purchase must involve some earnings dilution — possibly around 5 per cent.

If the combined group makes a little over £100m the prospective p/e is between 14 and 15 which is still high and the City will need some convincing before the shares will be allowed to rejoin the market's rise.

Terry Garrett

STRONG ADVANCE IN EQUITY LEADERS

The table below illustrates the extent of the rise in the FT Ordinary Share index and the movements in constituents over the past seven weeks. The FT Government Securities index is also shown.

	Price y'day	Change since 24.1.86	1985/86 High	1985/86 Low		Price y'day	Change since 24.1.86	1985/86 High	1985/86 Low
FT Ord. Index	1,360.7	+234.5	1,360.7	911.0	Grand Met.	375	+36†	385	252
Asda-MFI	148	+14	166	128	GKN	346	+61	365	190
Allied-Lyons	302	+37	330	153	Hanson Trust	181	+38†	181	133
BICC	330	+69	330	185	Hwkr. Siddeley	573	+126	579	360
BOC Group	377	+94	382	248	ICI	£10	+ 2¼	£10	630
BTR	485	+92	498	295	Imperial Group	332	+78	332	162
Beecham Group	355	− 8	390	283	Lucas Industs.	640	+145	645	227
Blue Circle Inds.	643	+103	643	468	Mks. & Spencer	198	+31	198	115
Boots	266	+30	276	162	NatWest Bank	816	+123	816	568
Brit. Petroleum	548	−22	605	473	P & O	525	+89	531	304
Brit. Telecom	*256	+36	274	183½	Plessey	224	+50	224	116
Cad. Schweppes	182	+25	183	131	Tate and Lyle	595	+67	610	417
Courtaulds	282	+79	283	122	Thorn-EMI	484	+105	492	300
Distillers	621	+45	646	270	Trsthse. Forte	192	+46	192	119
General Electric	210	+50	220	150	Vickers	433	+115	433	212
Glaxo	£10⅞	+ 2¼†	£10½	537	Govt. Sec. Index	88.57	+ 7.83	88.92	78.02

* Assumed fully-paid price. † Allowance made for capital change.

Index races ahead

USM
UNLISTED SECURITIES MARKET

THE buoyancy of the London equity market has been giving the much-maligned USM index a welcome boost in the past few weeks.

Until last month, the highest level reached by the total market index as calculated by Datastream was the 122.59 attained on May 9, 1984 (November 10, 1980=100). At that time, the index was riding the crest of a wave of enthusiasm for the electronics sector.

The index's heavy weighting towards electronic stocks and the subsequent shake-out in the sector took the index back down to below 100. A partial recovery in electronics and the strength of the wider market have at last enabled it to haul itself out of the doldrums. It broke through its previous record level on February 18 and has been rising almost continuously since to reach a new high of 127.83 at Thursday's close.

All sectors have shown gains amid the general air of optimism, but new issues in particular have benefited. BPP Holdings and Menvier-Swain looked sound companies on reasonable ratings and premiums for both had been predicted when dealings began this week, but the 16 per cent premium in both cases was surely more than their sponsors hoped for when the issue prices were fixed.

There have been several notable USM results over the past few days

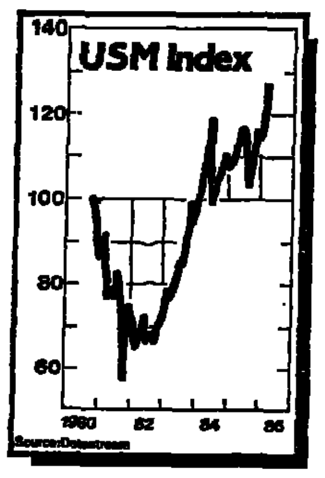
Shandwick, the public relations group floated on the USM last October at 175p, notched up an enviable 51 per cent rise in pre-tax profits to £504,000 for the half-year to January. Two important features of the increase were the boost given to its corporate PR business by the present level of takeover activity and the rate at which it has been able to attract important new clients such as Beecham, Courtaulds and Mercury International.

However, Shandwick's chairman, Peter Gummer, says the real cause of the company's growth has been its USM flotation. "It has given us a much higher visibility and we have had many more potential clients calling us up out of the blue," he adds.

Shandwick is planning more small-scale acquisitions along the lines of PPG, the regional consultancy it bought in February; and with profits of £1m in sight for the year, the prospective p/e ratio of under 16 at a share price of 208p does not look unduly demanding for a quality company on a fast growth track.

Hampden Homecare, the company which operates Texas Homecare stores in Northern Ireland under a franchise agreement with Home Charm, came in with profits of £737,000 for the year to December, a shade above the £700,000 forecast when it was floated at 57p last November.

For the present year the City is looking for £950,000 putting the shares on a modest p/e of 12¼, but attention is distracted from the trading prospects by Ladbroke's bid for Home Charm. Hampden has been saying that the bid does not directly affect it but the market seems to be expecting a clearing-up operation and has been nudging the shares up to Thursday's close of 71p.



World of Leather's profits of £1.224m for the year to December gave its shares a hefty 13p boost to 201p on Thursday; but the size of the gap between the actual profits and the £1.05m forecast when the company was floated at 128p in November suggests that World of Leather was unduly conservative when it made its estimate so close to the year-end.

The company is expanding rapidly in a market at the early stages of its development. It expects to add five stores in the next year to the nine it has already, thus increasing revenue, spreading its heavy burden of advertising overheads, and sustaining profits growth to perhaps £1.6m this year.

Against that background, a prospective p/e ratio of 16 looks quite reasonable for the sector. The greatest caveats are in the product's vulnerability to recession and the threat of imitation. On the latter point, at least, World of Leather already has a strong lead over other small fry; and if a larger retailing group was to step into the business, the company could make an attractive takeover target.

Richard Tomkins

Barratt looks for a boost

Results due next week

After last year's virtual wiping out of its profits, BARRATT DEVELOPMENTS has clearly been put on test. The City knows that what appears below the line is likely to be a very thin slice sandwiched between high sales and cost figures—so the very tentative forecasts are for £7m pre-tax to be announced for the six months to December on Thursday.

Given that lower interest charges should have saved around £5m in the half and overhead reductions a bit more, this is not asking a lot when compared with the previous interim's £4.07m.

The market is clearly looking for a confidence booster that will help convince that Barratt is on the mend. Should the company not reach the modest levels expected for these interims, then forecasts for the next 18 months could be sharply revised downwards.

BRITOIL'S full-year results on Thursday should see net income at £190m. This is some £20m ahead of 1984's result—itself depressed by almost exactly this amount due to an adverse swing of the currency roulette wheel that caused losses on forward sales of dollars.

Recent concern that the dividend might not be maintained seems to have been overdone and the City is now expecting a payout good enough to improve on last year's attractive 8.7 per cent yield.

With half of its profits generated overseas, one might have expected a large adverse currency impact in **SMITH & NEPHEW'S** preliminary results due out on Thursday. However, the company excels at managings its currency exposure, and analysts are expecting Smith and Nephew to manage a £15m improvement in profits to £70m.

The good trading performance of the first three quarters of the year should be effortlessly extended into the fourth with further evidence of higher margins and better profits in most areas. Particularly good progress is expected in continental Europe, from personal hygiene products in the UK and industrial tapes in the US.

A cheerful statement is expected to accompany **LOGICA'S** interim results on Wednesday. The company's refinancing package was successfully completed in January, provisions made against the closure of its trouble office automation offshoot may have been too generous, while most importantly its underlying software business is flourishing in a robustly healthy market.

A figure of £1.5m pre-tax is expected, compared with £1.3m last time.

Whatever **EXCO** produces on Friday is likely to be overwhelmed by the melee of rumour and counter rumour that has hounded the company since proposed merger with Morgan Grenfell foundered.

The City expects profits of between £90m and £95m for 1985, although much will depend on how well, or how badly, Exco has managed the cash pile of £320m it acquired through the sale of Telerate.

OCTOPUS has always been a market favourite and the share price rose steadily last week in anticipation of profits of £19m when its end of year results are unveiled on Thursday.

This is the first full year in which Websters' profits of £2m can be written into Octopus's results. While Heinemann—which it acquired, together with BTR as a substantial shareholder, in August—should make its first contribution of £8m or so.

Over the past few years, UK insurance has shown two contrasting pictures—a bloodbath on general insurance operations and highly profitable life business. On Thursday, Legal and General Group, Britain's second largest life group with a sizeable non-life portfolio, reports its results for 1985. The market is, however, rather pessimistic over the group's performance last year.

Profit growth on its life operations are likely to be held back by two factors. As the UK's largest pension company, the lack of growth in the company pensions market during the recession is now impacting on profits. Secondly, the initial financial strain of last year's new business growth of its US life subsidiary Banner has to be borne by the shareholders.

On its general insurance operations L & G is suffering from its UK property and motor accounts and its international reinsurance operations

Despite profits growth in its fund management operations, the market expects net profits to reach barely £40m against £44.7m. But shareholders can still anticipate at least a 4p dividend increase to 24.5p—as much a defensive measure against lurking predators as a reflection of last year's operations.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Automotive Products	Tuesday	1.0	0.5	1.0
Banro Industries	Thursday	0.575	3.725	1.8
Beatson Clark	Monday	3.3	3.3	3.3
Bestobell	Friday	5.7	—	—
Bestwood	Friday	—	6.0	—
Boddington's Breweries	Thursday	1.23	1.62	1.33
Britoil	Thursday	3.3	8.2	4.0
Bronx Engineering	Thursday	—	0.5	0.25
Cambridge Electronic Industries	Monday	2.07	4.93	2.2
Clarke, T.	Thursday	0.7	1.61	0.7
Clyde Petroleum	Wednesday	—	1.5	—
Consultants (Computer and Financial)	Thursday	0.1	0.15	0.2
Counter Products Marketing	Monday	—	—	—
Davidson Pearce	Monday	—	—	—
Davies and Metcalfe	Monday	0.63	1.58	0.63
Delta Group	Friday	1.82	2.68	2.35
DRG	Wednesday	3.0	4.5	3.3
Duncan, Walter and Goodricke	Tuesday	—	12.0	—
Exco International	Friday	1.41667	1.58333	1.6
Expamet International	Tuesday	2.0	3.0	2.35
Fisher, James	Monday	1.5	1.7	1.6
Garfunkels Restaurants	Friday	0.43	0.87	0.215
Grattan	Friday	1.0	2.0	2.0
Hepworth Ceramic	Wednesday	2.75	4.0	2.9
Hewitt, J. and Son (Fenton)	Wednesday	0.4	2.0	0.4
Jamesons Chocolate	Wednesday	2.0	3.0	2.0
Jones and Shipman	Wednesday	1.0	1.75	1.15
Jourdan, Thomas	Monday	1.75	4.55	2.1
Kode International	Thursday	3.5	6.5	1.75
Laing Properties	Tuesday	2.5	3.75	3.0
Legal and General	Thursday	7.5	14.0	8.5
Macallan-Glenlivet	Wednesday	1.0	1.9	1.0
Mackay, Hugh	Wednesday	1.4	3.2	1.4
Metalrax Group	Monday	1.51818	1.45454	0.7
Narenk Systems	Tuesday	—	—	—
Octopus Publishing	Thursday	3.6	7.2	2.16
Pittard	Monday	0.87	2.43	0.96
Refuge Assurance	Wednesday	7.0	13.0	8.0
Rentokil	Wednesday	0.775	1.35	0.89
Robinson, Thomas	Friday	—	—	—
Ryan International	Thursday	—	—	—
Sale Tilney	Thursday	1.83333	2.83333	2.5
Sharpe and Fisher	Thursday	0.61	1.64	0.61
Smith Nephew Assocd. Companies	Thursday	1.16666	2.626	1.4
Stockley	Wednesday	—	—	—
Superdrug Stores	Thursday	1.7	2.5	2.0
Watmoughs	Tuesday	1.7	4.55	1.7
Wickes	Thursday	—	—	—
INTERIM DIVIDENDS				
Armstrong Equipment	Wednesday	0.3	0.8	
Barratt Developments	Thursday	2.31	5.31	
Blanchards	Thursday	—	—	
BM Group	Tuesday	0.68	0.99	
Browns, Charlie Car Part Centre	Monday	—	1.0	
Chambers and Fargus	Tuesday	—	—	
City of Aberdeen Land Association	Monday	5.45455	10.9	
Gent, S. R.	Tuesday	1.0	1.0	
HTV Group	Tuesday	2.5	5.2	
International City Holdings	Friday	—	—	
Logica	Wednesday	0.35	—	
London and Strathclyde Trust	Monday	0.85	1.8	
LWT	Thursday	5.1683	9.2317	
MAI	Thursday	4.0	12.0	
Pacific Sales Organisation	Monday	1.0	2.0	
Paterson Zochonis	Thursday	1.55	4.35	
Pearson	Thursday	5.5	4.25	
Prestwich Holdings	Monday	0.175	0.35	
Sanderson, Murray and Elder	Tuesday	—	—	
Scholes, George H.	Wednesday	6.0	14.0	
Sheldon Jones	Thursday	1.35	2.3	
Sirdar	Wednesday	1.32	2.8	
Thorpe, F. W.	Thursday	1.4	2.5	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	6.50	6.70	5.26	3.83	monthly	1	—	0.7
High interest cheque	9.00	9.38	7.37	5.36	monthly	1	2,500 minimum	0
3-month term	8.00	8.24	6.48	4.71	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	7.00	7.12	5.60	4.07	half yearly	1	1-250,000	0
High interest access	8.75	8.75	6.88	5.00	yearly	1	500 minimum	0
High interest access	9.00	9.00	7.07	5.14	yearly	1	2,000 minimum	0
High interest access	9.25	9.25	7.27	5.29	yearly	1	5,000 minimum	0
High interest access	9.50	9.50	7.46	5.43	yearly	1	10,000 minimum	0
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum	90
Premium	9.40	9.74	7.65	5.56	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.05	6.33	4.60	yearly	2	5-50,000	30
Income bonds	12.00	8.88	6.97	5.07	monthly	2	2,000-50,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.52	8.52	8.52	8.52	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	9.65	9.88	7.76	5.65	half yearly	1	2,500 minimum	0
Schroder Wagg	8.97	9.35	7.35	5.34	monthly	1	2,500 minimum	0
Provincial Trust	9.34	9.75	7.66	5.57	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75% Treasury 1985-88	10.33	7.93	6.73	5.53	half yearly	4	—	0
10% Treasury 1990	10.10	7.09	5.59	4.09	half yearly	4	—	0
10.25% Exchequer 1995	9.84	6.81	5.30	3.78	half yearly	4	—	0
3% Treasury 1987	8.49	7.55	7.07	6.60	half yearly	4	—	0
3% Treasury 1989	8.26	7.27	6.77	6.28	half yearly	4	—	0
Index-linked 1988¶	5.80	8.20	7.90	7.59	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated.				
Aaronite Group	60¦¦¦	63	60	3.15	Morceau Holdings
A. C. Cars	95*	135	85	1.90	Mr W. West
Automotive Prods	222§	222	128	124.87	BBA Group
Breakmate	220*§	215	200	7.96	Sketchley
Bush Radio	169	160	155	15.89	Prestwich Hldgs
Business Cmptr¶	28§§	28	20	1.64	Electronic Data
Campari Intl	49*§	55	45	4.21	Mr A. Nordin
Coats Patons¶	294§	293	238	813.44	Vantona Viyella
Cope Allman	360‡	340	282	81.23	Hawley Group
Ctry Gentlemans	860§	800	775	6.35	Bestwood
Davenports (Brw)	472	445	368	38.34	Greenall Whitley
Dew (George)	106	94	92	8.48	Bremner
Distillers	618½§§	621	510	2.246bn	Argyll Group
Distillers	639§§	621	627	2.321bn	Guinness
Dixon (David)	377	361	325††	6.85	Gelfer (A. J.)
First Castle Elec¶	204	200	111	52.73	Morgan Crucible
Gomme Holdings	87*	88	59	11.22	Millmine
Granada¶	289	268	236	716.22	Rank Orgn
Group Lotus¶	129½*	126	120††	22.74	GMLG
Haslemere Estates	640*§	630	505	188.62	Rodamco Prop
Home Charm	346	340	333	148.11	Ladbroke
Imperial Group	334§§	332	291	2.488bn	Hanson Trust
Imperial Group	329§§	332	291	2.488bn	Utd Biscuits
Inn Leisure¶	107	136	116	28.14	Devenish
Kenning Motor	168	170	173	70.85	Tozer Kemsley
Macarthy's Phar	275*§	392	257	36.22	Jadelle
Martonair Intl	671	640	525	87.35	IMI
McCorquodale	218½	222	210	111.99	Norton Opax
MCD	208	207	198	36.33	Crowther (J.)
Newman Tonks	152§§	135	96	47.63	McKechnie Bros
Promotions Hse	31½	31½	23	8.00	WPP Group
Raybeck	47½*	45	44	17.43	Legibus 687
Shaw Carpets	26½	26	29	4.65	Lamont Hldgs
Somportex	28½*§	168	27	0.79	Messrs N. Wray & C. Mattock
Sonesson	190*‖	£17⅞	£13⅜††	3.23bn‖	Fermenta
Spencer Clark	140*	166	131	7.03	Williams Hldgs
Staffs Potteries	108	117	122††	6.08	Coloroll
UKO Intnl	225§	220	182	31.62	Suter
Utd Com & Tech	110*§	127	70	2.75	Harvard Secs
Utd Com & Tech	130§	127	105	3.25	Park Place
Wadkin	232	230	170††	11.14	Robinson (Thos)
Watson (R. Klvn)	275*	265	248	8.25	Coopervision
Williams (J.)	24½§	35	20	1.41	Wyndham Group
WW Group	360	350	255	8.89	Crowther (J.)

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on March 14, 1986. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ¦¦¦ Loan stock. ‡‡ Suspended. ‖ Swedish kroner.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Appleyard Group	Dec	2,060	(1,230)	24.8	(11.3)	5.0	(3.0)
Antofagasta Hldgs	Dec	7,480	(6,380)	107.8	(62.1)	27.5	(20.5)
BBA Group	Dec	13,060	(5,440)	8.3	(0.9)	2.0	(1.7)
Bryant, D.	Dec	1,440	(1,440)	30.0	(29.3)	8.1	(7.35)
BTR	Dec	362,000	(247,000)	18.3	(15.8)	8.75	(6.48)
Candover Inv	Dec	756	(267)	6.2	(3.4)	4.0	(2.0)
Cattle's	Dec	2,720	(1,960)	3.4	(3.0)	1.8	(1.5)
Collin, W.	Dec	13,100	(11,750)	26.1	(20.0)	7.75	(6.5)
Cons Gold Field	Dec	39,700	(44,100)	12.5	(14.2)	8.5	(8.5)
Edin Fund Man	Jan	4,120	(3,552)	16.8	(12.9)	6.0	(4.0)
Fed Housing	Dec	1,450	(1,250)	9.5	(8.4)	3.3	(3.0)
Greggs	Dec	2,650	(1,920)	14.0	(11.3)	4.3	(3.4)
GKN	Dec	132,000	(115,200)	26.6	(20.3)	12.0	(10.5)
Hmpdn Homecare	Dec	3,520	(2,108)	31.0	(20.6)	7.0	(1.5)
Hawtal Whiting	Dec	737	(460)	6.2	(5.5)	0.5	(—)
Hillsdown Hldgs	Dec	33,400	(18,900)	16.2	(11.1)	4.2	(2.0)
Home Charm	Dec	10,910	(11,160)	15.7	(13.6)	3.2	(2.75)
Jaguar	Dec	121,300	(91,500)	48.5	(37.1)	8.6	(4.75)
Kleinwort Ben	Dec	60,300	(44,667)	—	(—)	18.0	(14.0)
Ladbrokes	Dec	75,100	(50,200)	21.2	(18.0)	11.25	(10.0)
Laidlaw Thom	Dec	758	(585)	8.5	(7.0)	3.75	(—)
Leisuretime Intl	Oct	477	(1,260)	7.2	(9.8)	2.3	(2.1)
Low & Bonar	Nov	13,320	(11,490)	36.8	(36.1)	9.5	(8.0)
Nichols, J. N.	Dec	4,850	(4,300)	16.2	(14.3)	6.0	(5.25)
Noble & Lund	Dec	278	(59)	3.9	(1.0)	0.7	(0.19)
Pentos	Dec	2,070	(1,790)	—	(—)	0.7	(0.3)
Persimmon	Dec	3,420	(2,300)	—	(—)	5.25	(—)
Phicom	Dec	2,110	(3,620)	—	(—)	1.1	(1.1)
Rans Sims Jeff	Dec	7,060	(5,308)	16.1	(12.4)	5.0	(4.0)
Robinson Bros	Dec	952	(121)L	—	(—)	—	(—)
Rowntree Mack	Dec	79,300	(74,500)	36.0	(36.0)	12.2	(11.0)
Royal Dutch	Dec‡	3,030	(3,650)	—	(—)	12.8	(10.6)
STC	Dec	11,400L	(140,800)	—	(18.9)	—	(9.0)
Sedgwick Group	Dec	—	(—)	—	(—)	35.0	(33.0)
Shell T and T	Dec	124,310	(96,280)	21.7	(19.1)	11.0	(10.0)
Systems Des	Dec	7,320	(4,600)	—	(—)	0.45	(0.34)
TDG	Dec	29,670	(24,060)	12.4	(10.8)	6.2	(5.6)
T & S Stores	Jan	1,220	(805)	—	(—)	3.0	(1.58)
Tyne Tees	Dec†	3,190	(2,600)	32.8	(25.8)	13.1	(10.5)
Ultramar	Dec	71,600	(127,600)	—	(—)	10.5	(10.0)
Utd Biscuits	Dec	102,200	(87,200)	19.1	(19.1)	8.0	(7.5)
World of Leather	Dec	1,200	(522)	9.4	(5.0)	—	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Bejam	Dec	9,130	(9,370)	2.0	(1.75)
Bridport-Gundry	Jan	924	(464)	1.65	(1.45)
Cont Microwave	Dec	134	(220)	1.75	(1.75)
Framlington Grp	Dec	928	(518)	3.0	(1.5)
Lawtex	Dec	241	(234)	1.0	(0.75)
Microfilm Rep	Dec	684	(190)	1.0	(0.5)
Mucklow, A. & J.	Dec	2,640	(2,560)	2.4	(2.25)
Parker Knoll	Jan	2,260	(1,730)	4.0	(3.0)
Shandwick	Jan	504	(334)	1.23	(—)
Tod	Dec	615	(342)	1.3	(1.1)
Yarrow	Dec	1,070	(583)	5.0	(2.5)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share except where otherwise indicated. L Loss.

RIGHTS ISSUES

FNFC—To raise £48.4m through a rights issue of 6.3 per cent convertible preference stock at £1 a share; on a basis of nine preference shares for every 25 held. Holders of 12¼ per cent convertible loan stock 1987 will be offered 108 preference shares for every £100 of stock held.

Greycoat Group—To raise £37.1m through a rights issue of one for three at 207p.

Pentos—To raise £9.9m through a one for four rights issue at 63p.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Attwoods—Raising £9.5m through a placing of 7m shares.
otherwise indicated. † Figures for 15 months. ‡ Figures in millions. L Loss.

هكذا من الأصل

All aboard the roller-coaster

"DON'T fight the ticker tape." seemed to sum up Wall Street's mood as US share prices marched into new high ground this week.

There are plenty of people who say that a correction in the market is long overdue, but the Wall Street bulls are stamping and few dare predict when, and what, will stop the herd's stampede into common stocks. The fear is that the higher the rise, the steeper the fall when the market's eventual correction takes place. But so far, only the brave, or the foolhardy (depending on one's view), have been prepared to jump off the roller-coaster.

After the previous week's discount rate cut, the stock market started the week on an unexpectedly strong note. The Dow Jones Industrial Average moved back above 1700 on Monday and the next day recorded a 43.1 point rise — its second-largest one-day gain — to close at a record 1746.05.

The Dow slipped back a little on Wednesday but the broader-based indices moved ahead in the second busiest day in the history of the New York Stock Exchange, with 210.3m shares changing hands this was more than twice the average daily trading volume of a year ago.

Blue chip stocks have continued to lead Wall Street higher. Procter and Gamble shares, for example, reached a new peak of \$73¾ on Thursday, the same day that Citicorp shares hit a high of \$57⅞. Shares of retailers such as K Mart, which hit a new high of \$42¼, were also strong as were insurance shares.

Wall Street

The stock of Cigna, which has had more than its fair share of problems, hit a new peak of \$74¼ on Thursday and even financially troubled companies like Bethlehem Steel have been participating in the dramatic rally. Its shares have nearly doubled over the last year and on Thursday were standing at \$21⅞.

Even US oil shares perked up this week as some brokers began tipping the stock of financially strong giants like Exxon. One of the few casualties of the week, was Western Union, whose shares touched a new low of \$7. The shares are now worth less than half what they were last year

Although there had been suggestions that last week's discount rate cut signalled the end of the recent sharp decline in US interest rates, the credit markets have put up a surprisingly strong performance this week. On Tuesday, the yield on 30-year US Government bonds dropped below the 8 per cent mark for the first time since late 1977 and bond prices continued to hold most of their gains for the next couple of days.

Traders in the credit markets will be watching this weekend's Opec meeting to see whether they need to reverse their bullish stance. Meanwhile, yesterday's US producer price and industrial production figures provide further confirmation that the economy is more sluggish than expected and inflation is less powerful—both good omens for bond prices.

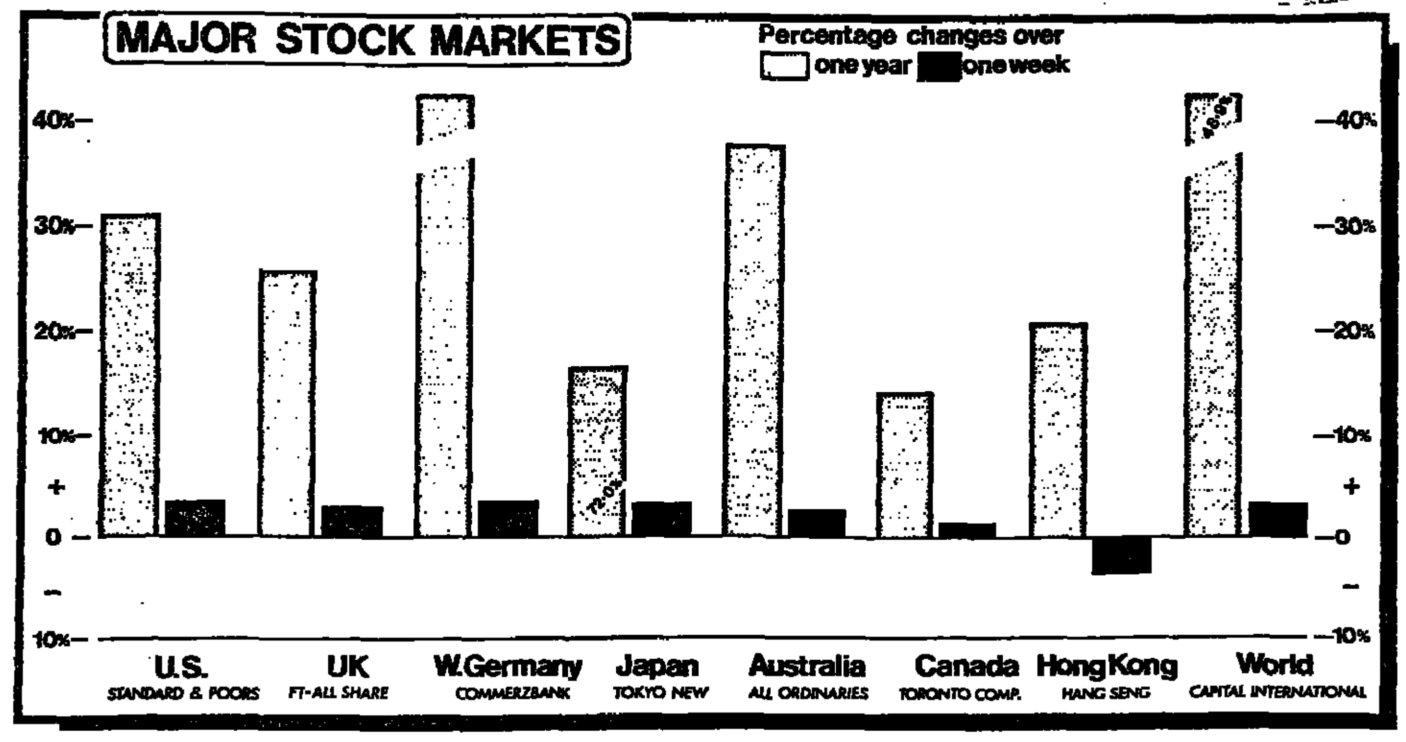
Merrill Lynch, the giant brokerage firm, sums up the bullish mood among the major Wall Street players. Its latest weekly market letter notes: "The extended positions of some market indicators suggest prices could consolidate over the next month or so, but we think that would be only a temporary interruption before fresh strength leads to further new highs by mid-year." Merrill is forecasting that the Dow, which was trading below 1,300 less than six months ago, could reach "1,800 or more" by mdi-year.

The surge on Wall Street is leading to a spate of new issues and this week has been the busiest of the year, according to the experts. The star turn was Microsoft Corporation, a 10-year-old computer software company which was brought to the market on Thursday at \$21 per share.

By yesterday morning the shares were being quoted at \$29 and William Gates, the company's 30-year-old founder, was more than \$300m richer than he was at the start of the week. The company has increased its earnings from 29 cents a share in 1983 to \$1.04 in 1985 and analysts are forecasting \$1.50 this year.

Monday	1702.95	+ 3.12
Tuesday	1746.05	+43.10
Wednesday	1745.45	— 0.60
Thursday	1753.71	+ 8.26

William Hall



Euphoria reigns on the bourses

WALL STREET'S euphoria echoed across the Atlantic last week, providing a fresh incentive for European investors who seized the opportunities provided by lower domestic interest rates.

Although European traders were much more tentative than their US counterparts, they provided enough enthusiaism to push five of the smaller bourses to record levels and leave the major centres, Frankfurt, Amsterdam and Paris, simmering in consolidation phases.

The more positive tone began to resound through trading on Tuesday as investors reacted belatedly to the previous week's decision by the West German Bundesbank to cut its discount rate from 4 to 3.5 per cent, its lowest level since early 1979. By Wednesday, enthusiasm began to gather pace, whipped along by Wall Street's massive overnight advance.

Interest rate movements provided a backdrop to trading across Europe, although in France political considerations were also significant.

Tomorrow's national election was the talking point in **PARIS** where, despite mid-week jitters, investors confidence was buoyed by predictions of a right-wing victory and prospects of a sharp fall in the corporate sector's tax bill, the abolition of price control, and reduced union power.

Added to this, the Bank of France lowered its key money market intervention rate by a quarter of a percentage point to 8¼ per cent and the overnight call money rate fell in sympathy.

Domestic economic indicators also gave rise to optimism. Inflation figures announced on Thursday showed a fall to 3.4 per cent year-on-year in February from 4.2 per cent in March, and the Socialist Government forecast that inflation would decline further to less than 2 per cent by the end of this year.

A decline in French retail prices in February, the first downward movement in 20 years, drew attention to the stores sector where Printemps traded at record levels. Other issues which sailed into unchartered territory included CIT Alcatel, Lafarge Coppee and Pernod Ricard, a net gainer from the firmer dollar.

Europe

While **Frankfurt's** Commerzbank index slowly headed back towards the record struck on January 15, key industrial stocks leaning heavily on export-generated profits, such as those in the chemical and pharmaceutical sectors, traded at record levels. Foreign funds continued to lay a firm foundation, aided by the stronger dollar and further benefits from rationalisation programmes in progress.

Opec's disarray over pricing heightened the realisation among investors that reduced fuel costs will add to the earning potential of a broad spectrum of West German industry. An immediate beneficiary would be the automotive sector and Volkswagen led the field last week, aided also by bullish profit and dividend forecasts.

Internationals in **AMSTERDAM** attracted US support and financial issues benefited from the drop in local interest rates. Here again, the dollar's strength aided activity. Its rise against the guilder led investors in the pursuit of stocks with US operating subsidiaries. Philips remained in favour with US as well as other foreign investors and edged steadily forward, mirroring the progressive rise in the ANP-CBS General index to around an all-time high.

Belgium has so far been reluctant to join the move to lower interest rates but positive domestic economic indicators have acted as a stimulant to share market activity. Successive records were set by the Brussels Stock Exchange index during the week and analysts remain confident about the bourse's outlook as the recently-elected government institutes its more conservative economic programme.

Petrofina, the country's largest industrial group which has lagged behind in the market's recent surge, cast a persuasive influence over the course of trading for much of the week. A favourable reassessment of the group's prospects, which had been written down in the wake of the shakeout in the oil market, helped the share recover around 10 per cent of its value during four days of hectic trading.

Milan continued to shake off the sluggishness that enveloped trading late last year. Investors drew heart from the Craxi Government's continued ability to restrain inflationary pressures and also the absence of any immediate political tripwires for him. For these reasons, Italy remains fashionable for international investors.

Stocks such as Fiat, Montedison, Burgo and Olivetti, which are at the centre of industrial modernisation programmes, are trading around peak levels and continue to inspire confidence through a broader range of industrial issues. Banks, financial institutions and insurers have enjoyed a return to favour, highlighted by the suspension in trading in Banca Commerciale on Thursday when its price increase exceeded the Milan bourse's permitted 20 per cent daily gain.

Zurich was somewhat overshadowed by other centres. Traders reported during the week that suspicions lingered about a possible further correction on the back of the previous week's advance. The Swiss Banking Corporation index crept forward marginally despite healthy corporate news.

Perrie Croshaw

De Beers' prospects are sparkling again

BACK in 1981, when Harry Oppenheimer was chairman of De Beers, he told me: "I think we will come through and you will find that with the stocks we have accumulated . . . we will make a great deal of money out of it."

They were dark days for the South African diamond giant. Zaire had broken away from the Central Selling Organisation (CSO) diamond marketing set-up, rocking the boat at a time when daimonds had become victims of the recession, and De Beers was reducing production; subsequently, it had to reduce its dividend for the first time in 37 years.

It has been a long haul back to prosperity for the group but, as Mr Oppenheimer might say today, "We're getting there." This week, De Beers has reported a virtual doubling in pre-tax profits for the second half of 1985 to bring the year's total to R1.58bn (£540m) compared with R887m in 1984.

The final dividend has been raised to 40 cents, bringing the 1985 total to 55 cents against 40 cents. This is still well below the 75 cents paid for 1980, of course, because De Beers' recovery still has further to go, but it is gathering pace along with the diamond market.

Diamonds are priced in dollars, so the conversion of this revenue into weak South African rands has been a major factor in the higher profits of De Beers. At the same time, the group is selling a good deal more diamonds and, in particular, demand is picking up for the larger and better quality

Mining

gems which do not cost any more to mine than the cheaper stones.

The trend has been indicated by the CSO sales of rough—"raw" and uncut—diamonds. They moved ahead quite strongly in the second half of 1985 to raise the year's total by 13 per cent to \$1.82bn, albeit a far cry from the record \$2.72bn reached in 1980.

They would have done better except for the big stocks of stones held in the cutting trade. Over the past two or three years, however, these stocks have been steadily reduced; and a year ago Julian Ogilvie Thompson, the present chairman of De Beers, was sufficiently confident to claim: "The stage is well set for sales of rough diamonds to resume their rising trend." He was right.

Importantly, De Beers' stocks of diamonds fell last year for the first time since 1977. It was only a relatively modest reduction of \$52m to \$1.9bn, but it bodes well for the group's earnings in the present year—especially if, as seems likely, the group raises diamond prices for the first time since 1983.

Incidentally, the recovery in the market comes at a good time for the big Australian Argyle operation which is in its first year of major production, although the bulk of its output is in the less profitable industrial diamonds which have to compete with the synthetic material.

Shareholders in Argyle are the Rio Tinto-Zinc group's Australian arm, CRA (56.8 per cent), Ashton Mining (38.2 per cent), and the Western Australian Government (5 per cent).

A certain furry friend of ours, who likes to put in his paw from time to time, says: "Don't forget that Malaysia Mining Corporation has an indirect stake of 17.7 per cent in Argyle via its holding in Ashton.

"It might help the big Malaysian tin group, now busily diversifying, to recover from the ashes of the market for tin."

The mole, who told me to buy the shares of MMC in January—they have hardly budged in price since then—still thinks that they will recover. But Moley would, wouldn't he?

Not much room left to talk about this week's half-year results of Consolidated Gold Fields. Not a lot to say, either, with net profits lower at £24.3m against £26.6m and the 1986 total officially expected to fall short of last year's £77.4m.

The irony of it is that while exchange rates have boosted South African gold income, the same rates have cut the money in terms of sterling when brought home to the London parent company. And Rudolph Agnew, the chairman of Gold Fields, is not expecting much change in prices of the group's other world mining products.

What he does say, however, is that while the near term outlook is obscure, he is "more than cautiously optimistic about the longer term future." That view, from a down to earth realist, makes a good deal of sense.

Kenneth Marston

Budget checklist

Ideas to juggle

THERE WAS speculation this week that the Government might beabout to take another step down the road towards creating a so-called share-owning democracy—by altering its tax rules to encourage savers to invest in equities.

If that is what the Chancellor intends he will have several suggestions to choose from. A glance at the ideas which have emerged from, among others, the Institute for Fiscal Studies and the retail developments advisory committee of the Stock Exchange (an obviously interested party), yields some clues about what Mr Lawson might be looking at.

He might consider removing some of the substantial tax advantages of other types of investment, particularly house purchase or investment in pension schemes which, arguably, divert savings away from equities. But, said Mr John Kay, director of the IFS, in a speech last November, this "would be neither administratively nor politically feasible."

Or Mr Lawson could act to remove specific disincentives for share purchase by abolishing stamp duty (cutting transaction costs). He could also simplify procedures for indexing capital gains tax against inilfiation. At the moment it could be argued that this baffles investors: they haveto keep very close track of the retail orice index and their share dealings (or pay a broker to do it for them) in order to ensure that they pay the right amount in tax.

The Chancellor's other option is to devise a scheme directly to encourage share ownership.

France set an example in 1978 when it passed the "loi Monory." This law was intended to increase the importance of the French Bourse as a source of finance for industry by encouraging investors to buy shares rather than real property and gold—traditionally France's favourite investment media.

It allowed investors to deduct for tax assessment purposes up to 5,000 francs (about £500) annually for their taxable income (with small extra allowances of FFr 500 per child), provided they invested the funds for five years.

The law was modified, by the new Socialist government in 1982, to reduce its bias towards benefiting high marginal rate taxpayers. But it is difficult, in any case, to assess its impact. The percentage of French households investing in listed securities has clearly increased —but, according to a recent report by the British Stock Exchange committee, its main achievement has been to attract money into unit trusts set up by French banks.

The problem for the Treasury in this country would be the cost in lost tax revenue. This is estimated at about £360m annually of two million people in the UK had a tax concession of £600 yearly, according to the Stock Exchange committee.

Schemes have been proposed, however, that would reduce this problem. The Stock Exchange committee suggested a "half-way stage" partly inspired by the US tax-sheltered investment retirement accounts (IRAs). Funds deposited in IRAs are invested to provide capital growth to benefit the depositor during retirement; they are taxable as income only on withdrawal, with an additional penalty if the withdrawal is made before the age of 59 years and six months.

The Stock Exchange's "half-way" stage provides a variation on this by allowing individuals to put a maximum of (say) £1,000 annually into a fund for investment in a range of assets (which would include shares) and then exempting from tax withdrawals at age 60 or 65. Growth in income or capital would be tax free.

A drawback is that this might not appeal to savers a long way from retirement. The problem is addressed by Mr Kay of the IFS in a prpsal which, once again, owes something t the example of the IRA and the Loi Monory, as well as to existing British employee share schemes.

Individuals, Mr Kay suggested last year, could invest up to £50 monthly in qualified bank and building society accounts. Tax relief would be given automatically, cutting the net cost to a basic rate taxpayer to £35.

Once a suitable balance had been accumulated, the money could be used to buy shares or units in unit trusts. Dividends would accumulate to the credit of the account-as would the proceds of sales. However, tax at 30 per cent would be withheld from withdrawals (reducing the scheme's cost to the Exchequer). Mr Kay left a question mark over whether this tax rate should be increased in the case of high marginal rate taxpayers.

To stop younger investors being deterred by a penalty for early withdrawal, "the scheme should not be specifically linked to retirement and should maintain maximum flexibility." It would, however, relate closely to mives to extend personal pension provisions for those outside occupational schemes.

Nick Bunker

Failures escalate

THE FLOW of business expansion schemes on to the market in recent weeks has been equalled onuly by the flood of failed issues. With more and more schemes chasing fewer and fewer investors, the market has become saturated and the failure rate is escalating.

The week's most spectacular failure—perhaps because it was the most intriguing issue—was that of Highland Express Airways. The company launched its business expansion scheme in mid-February to raise £2.3m in launch capital.

Highland Express was conceived as a Scottish counterpart to Virgin Atlantic. Its lowcost, no-frills service would ferry passengers between Prestwick in Scotland and New York and Toronto.

The issue closed last week having raised just £1.8m. Because the timetable for aircraft purchasing and licensing is so tight, extension was impossible. Mr Fields is now seeking alterantive sources of capital.

Nonetheless, a second airline business expansion scheme has surfaced. Birmingham Executive Airways, an independently owned commercial airline flying between Birmingham and Europe, plans to generate £2.4m to expand its services.

The airline already operates three aircraft which fly twice daily to Copenhagen, Geneva, Miland and Zurich. It has just secured licenses for an additional four. Capital raised by the scheme will be used to buy three aircraft to open up the new routes.

Te issue of up to 800,000 ordinary shares for £2.50 is sponsored by Mercia Venture Capital. It opens on Monday and will close on April 18.

Meanwhile, the London Collection plans to make the most of anglophilia in the US by marketing a mail order catalogue of "traditional" British goods—china, glassware, speciality foods and museum renlicas—in the US.

The issue, sponsored by Collins-Wilde, will release up to 348,000 ordinary shares for £1. It will close on March 27.

Although the Budget is but three days away the flow continues unabated of "budget beating" business expansion scemes—issues structured to take advantage of the scheme before the Budget clamps down on them.

Hotels, for example, are expected to fall under the Chancellor's axe.

Alice Rawsthorn

Chancellor's targets

Don't expect miracles

AS YOU sit by your radio next Tuesday listening to the Chancellor's budget speech what can you expect to hear that will directly affect your pocket?

The pundits who generally vie with each other at this time of year to anticipate the Chancellor's words have been unusually reticent this year. But it takes no great insight to realise that by the time he has sat down you will probably be paying more for your cigarettes, liquor, beer and wine. That cheaper petrol available in recent weeks may also vanish as the Chancellor takes advantage of the fall in oil prices to raise the duty on petrol.

The road fund licence could also go up while those who enjoy the use of a company car could again see the value of this perk diminish. As part of the Government's policy of phasing out the tax concessions on company cars the taxable value of both car and petrol tax benefits are again likely to be increased by more than the rate of inflation.

While Mrs Thatcher remains in power mortgage tax relief seems safe. There is even the possibility that the threshold may be lifted from £30,000 to, say, £50,000 but this may allow tax relief only at the basic rate rather than the higher rate as at present. The £30,000 ceiling above which you have to pay stamp duty could also be raised to £35,000 or £40,000 or the rate halved to half a per cent.

More likely is that stamp duty on share purchases will be reduced or abolished as part of the Government's policy of encouraging wider share ownership.

As any newspaper reader will now be only too well aware, those much promised income tax cuts appear to have evaporated as oil prices have continued to fall. The most that any of the pundits now expect is a raising of the thresholds by more than is required to keep pace with inflation—say 10 to 12 per cent —and in particular the lower threshold below which you do not pay tax. Another possibility is the reintroduction of a new 20 or 25 per cent lower band for the first slice of taxable income.

The Chancellor may also focus his attention on working wives, though not so much in his Budget speech as in his promised Green Paper on personal taxation. This will focus on proposals for a new system of transferable allowances which should come into force in 1990 when the Inland Revenue becomes fully computerised. It would mean both husband and wife will have equal allowances which can be transferred between them if one chooses not to work.

City whiz kids may well live to regret the day they bragged about the size of their "golden hellos." The publicity given to these ex gratia payments of £100,000 or more have made them an obvious focus for the Chancellor.

Margaret Hughes

مطابقة للأصل



Cliff Richard **Lord Tonypandy** **Gerald Williams**

Is success the most important thing in their lives?

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Gerald Williams rose from a small town newspaper reporter to a noted radio and TV sports commentator and is very involved with professional tennis.

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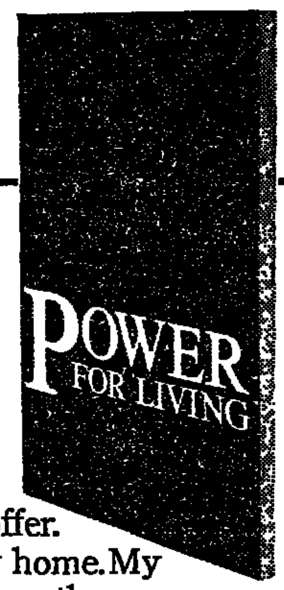

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Business Expansion Scheme

Real abuses may escape

ON TUESDAY, while he juggles dwindling oil revenue with stamp duty and the price of gin, the Chancellor of the Exchequer is likely to squeeze a mention of business expansion schemes into the Budget.

Since the Business Expansion Scheme first surfaced in 1983—conceived by the Government as a way of generating jobs and boosting high technology, and perceived by investors as a cunning tax wheeze—successive Budgets have weeded out the more obvious abuses.

In 1984 the Chancellor excluded farming from the scheme; in 1985, property. This year, amid a stream of complaints about abuses of the business expansion scheme, he is expected to pounce on hotels, fine wines, and possibly art and antiques.

The problem for investors is that the Budget will not tackle any of the problems they face because of the scheme. The sort of issues that are antipathetic to the spirit of the scheme, and thus likeliest to be excluded, are not necessarily the worst investment prospects. It may well be that the real abuses of the scheme will be left unscathed by the Budget.

Hotels, for example, have been mentioned as possible victims of the Budget for some months. In recent weeks issue after issue has surfaced to take advantage of the scheme as a way of securing easy access to launch capital before the Chancellor pounces.

By their nature, hotel issues offer the sort of asset-backed security that many of the job-generating, high-technology issues lack, and tend to find favour with investors. The Saint Hotels issue, for example, raised its minimum subscription of £1.5m within 10 days, according to the sponsors, Johnson Fry. However, many of the more entrepreneurial schemes, such as Highland Expresss's airline and BM International's sports cars, have failed.

Investors' complaints concentrate, not on the sort of industries covered by the scheme but no whether the prospectuses are misleading, founding directors are given unfair advantages, the cost of the issue is too high and on the fact that there are simply too many business expansion schemes around.

The Government hae already taken action against misleading proespectuses. Last week, the Department of Trade and Industry issued warnings to the most active sponsors of the scheme that including press cuttings in prospectuses is unacceptable, as it issuing irresponsible recommendations to investors.

But increasing controls on the content of prospectuses just tackles part of the question. The real problems for investors—founding shares, expensive issues and market saturation—continue unchecked.

In the recent Hydrotech issue to raise launch capital for manufacturers of domestic waste disposal units, for example, four of the founding directors are entitled to buy 1m ordinary shares for 5p, while investors have to pay 195p per share.

Expensive issues are common, too. Among the current crop or schemes, the cost of the First Retail Stores issue, sponsored by Robert Fraser, will absorb between 7 and 19 per cent f the capital raised. Thus the company's future prospects could be compromised because almost a fifth f its launch capital may be swallowed up by the cost of launching its business expansion scheme.

In theory, having access to a large number, and thus a wider choice of issues should benefit investors. But market saturation not only increases the risk of scheme failures but also means that the available investment capital tends to be thinly spread across a large number of issues.

Given that it is notoriously difficult for business expansion schemes start-ups to raise venture capital from conventional sources or to launch follow-up issues, under capitalisation can remain a persistent problem.

The Budget will bypass these problems. The Treasury is scrutinising the business expansion scheme, however, and could implement major reforms next spring.

When the scheme was introduced in 1983, as an adaptation of the business start-up scheme, it was intended to run for a trial period of four years. That trial period expires in April 1987.

The Treasury has already commissioned a report on the progress of the scheme from the accountants, Peat Marwick Mitchell. The report, which assesses the scheme from the viewpoint of investors and the entrepreneurs who have raised capital through it, was presented to ministers in autumn and is to be published on Budget Day.

Alice Rawsthorn

Currencies

How to avoid a surprise

YOU MAY FEEL that sterling is in for a rough ride as the oil price languishes, the next British election approaches and British industry continues to award itself pay rises based upon wishful thinking. But you are deterred from taking the plunge into another currency by three thoughts. Better the currency I live with and spend than the currency I do not. Better the economy I know than the economy I do not. Nicer not to decide, coldly, that another country's currency is sounder than that of my own.

The ECU provides an answer. It is a European composite currency which embraces the Pound and every other EEC currency except those of Spain and Portugal, which have yet to be incorporated. Its diversity protects its holder against nasty surprises in any one European country. And if it seems mildly unpatriotic to buy ECUs, at least an allegiance to Europe is being maintained.

The ECU is not a form of money that physically exists as notes or coins. But almost every investment that we make in any currency these days does not embody it in physical form, but merely as a unit of account. In this respect the credentials of the ECU are formidably established. It is used as the accounting unit for all EEC budgets and payments. It is the basis for defining exchange rates within the European Monetary System. It was—albeit a long way behind—the second most popular currency in which to denominate international bond issues around the world in 1985, after the US dollar.

The ECU is made up of a basket of fixed amounts of early European currency—the composition is laid out in the table. Every five years these fixed amounts are revised to make sure that the "weighting" (the percentage of the overall value of the ECU accounted for by each currency) remains proportional to the weight of its economy in the EEC. This is done in such a way that the external value of the ECU is not affected on the day of the change, rather as the value of the FT index is not affected when one company's share price is ejected and another brought in.

Calm is the answer to the conundrum of the success of the ECU as a denomination for international borrowing and investment. Initially, the mind boggles. Investors in strong currency countries like the ECU because it promises higher rates of interest than at home. Borrowers in weak currency countries like it because it commands a lower rate of interest than at home. Surely, someone must be losing out?

The answer is; of course. The two sides are basing their decisions on conflicting expectations and one or other will be disappointed by the combination of interest rate and currency movement that they experience. But both feel reassured that they have chosen a relatively non-volatile, shock-proof way of putting their beliefs to work.

The decision to invest in the ECU is analogous to the decision to "buy the index" that is now available to investors in the US and the UK. It cannot promise a free lunch, but it can promise a less ruffled one. In terms of currency movements, the strong currencies within the ECU temper the vulnerability of the weak ones. In terms of interest rates, the high rates of the weak currencies bolster the meagre yields promised by the strong ones. Thus, where the UK pays a yield of some 10 per cent on a 10-year Government bond and Germany pays 5.9 per cent, the yield on an ECU compromise — an ECU denominated World Bank issue, for example—will be 7.6 per cent.

The advantage of the ECU bond is not that in some magical way its combination of yield and currency appreciation (against sterling gilt edged) is better than that offered by the D-Mark bond, only that it is less volatile—more likely to deliver your expected gain on the day you want to realise it.

If you share the premise at the start of this article, how do you invest in the ECU as a private investor? For short-term investments you can now open an ECU denominated bank account with most major banks in Britain. Barclays, for instance, will open a call account, allowing instant withdrawal, for a minimum amount of ECU equivalent to £1,000. Today's rate of interest is 10.25 per cent on such an account. For a three-month term account, the minimum amount is £15,000—though Barclays seems willing to be flexible about this—and the rate for the term 9.5 per cent. There are no other charges.

A longer term investment will require purchase of an ECU denominated Eurobond with a good name. This can be arranged through a competent stock broker, but because the Eurobond market is a professional market the minimum amounts are large. The smallest amount available at a true market price is ECU 25,000, or about £16,000, though Phillips and Drew say that five ECU 1,000 bearer bonds would be purchasable at something of a premium.

Nicholas Colchester

ECU DEFINITION AND WEIGHTS OF THE COMPONENT CURRENCIES

	Physical composition of the Ecu		Percent weights year end	
	1979	1978	1979 %	1985 %
German mark	0.828	0.719	33.2	32.2
French franc	1.150	1.310	19.9	19.1
United Kingdom pound	0.0885	0.0878	13.7	15.2
Italian lira	109.000	140.000	9.4	9.7
Dutch guilder	0.286	0.256	10.4	10.1
Belgian franc	3.660	3.710	9.1	8.3
Luxembourg franc	0.140	0.140	0.4	0.3
Danish krone	0.217	0.219	2.8	2.7
Irish pound	0.0076	0.0087	1.1	1.2
Greek drachma	—	1.150	—	1.2
			100.0	100.0

Source: Morgan Stanley.

هكذا من الأصل

Futures trading

Unfriendly persuasion

IT WAS something of a coincidence. The announcement that LHW Futures, the broking company that has prospered immensely in spite of a very bad press, had been turned down for membership of the London International Financial Futures Exchange (Liffe), came just as an infuriated investor turned up at the Financial Times office to complain bitterly about the company.

The investor's complaint was a familiar one, similar to many others received in this and other newspaper offices. The loss involved, at around £5,000, was much less than some of the horror stories about people losing their life savings, but the principle was the same.

The investor, who dos not wish to be named because his wife does not know about the fate of the family bankroll, alleged he had been pushed into a highly risky investment area about which he knew little as a result of aggressive, persistent, hard-selling methods.

He also claims that LHW charged excessive commissions —which he discovered later were well above the industry average—and stacked the odds heavily against him making any money even if things went well. In fact, payment of commission accounted for more than £4,000 of the money lost.

Investors who have no experience of futures trading often do not realise that the rates of commission quoted are based on the total investment liability, which is something like 10 times the normal 10 per cent margin deposit upaid by the investor. So, an investor putting up £5,000 as a margin would be charged commission on £50,000 (the total value of his commitment).

If the commission rate is 5 per cent, then £2,500 of the £5,000 put up is immediately deducted. Thus, *it takes only* a relatively small unfavourable movement in the market price to gobble up the £2,500 margin.

LHW makes great play of the fact that it offers a guaranteed stop-loss policy under which investors are guaranteed they will not lose any more than the money actually put up. This is done by agreeing a stop-loss level where the investor's market position is automatically taken out to avoid further losses. If LHW is unable, or not nimble enough, to close the investor's position at the stop-loss point then the company bears any extra losses that might be involved.

It is a clever selling point, taking advantage of the risky reputation of the futures markets and the tales of investors *being ruined* by having to pay out heavy extra margin calls following unexpected price collapses.

However, the large commissions deducted, which range from 1 to 4 per cent (averaging 2.5 per cent) compared with an industry average of 0.5 to 1 per cent, considerably narrow the amount that can be lost before the stop-loss point is triggered.

What tends to happen, according to investors who have complained, is that when the loss trigger point is reached an LHW salesman is quickly on the telephone urging you to put up more money to lower the stop-loss point as a way of staying in the market and retaining the original position. Human nature being what *it is, many investors* are reluctant to admit defeat and are pressured into investing more, including another lot of commission.

In fact, the *"no risk"* guarantee is nothing more than a bookmaker promising not to charge you any more than your original bet if your horse loses. It is, however, extremely useful to LHW in that it virtually eliminates the risk of "bad debts."

Investors who lose money in futures trading often are reluctant to pay the extra margins required, and normal brokers have to spend considerable time clients, has no such worries and and expense on credit checks and ensuring outstanding debts are paid up. LHW, having laid off the risk with the help of the extra commission paid by its can instead use the "no risk" guarantee as a marketing tool and a platform to persuade investors to part with more money.

As LHW points out, however, there is nothing to stop other futures brokers adopting a similar system and charging more competitive commissions to win the business. LHW claims that rival brokers are reluctant to provide the resources required to service small clients, who tend to trade infrequently. LHW has some 2,500 "active" customers actually trading at any one time and they are serviced by a sales force of 100, plus a research department.

Another possible reason for this apparent lack of competition is that LHW has introduced another new element into futures trading in Britain—aggressive selling methods a whole new audience of investors who have never been approached seriously about going into the futures market.

The LHW promotional literature contains all kinds of warnings about potential losses, as required by the Department of Trade and Industry, and a risk disclosure statement that has to be signed by the investor. But the promotional material is couched in such a way as to appeal to the widespread gambling instinct of many investors.

In spite of repeated stories in the media about investors losing their life savings to LHW, the company's number of clients has expanded hugely in the past *few years* and its turnover has soared to £30m. It now claims to have the biggest list of clients among futures brokers in Europe, although starting only five years ago.

The secret ingredient is evidently the marketing. The company says it stopped "cold calling"—soliciting names taken out of the telephone book — some two years ago, but it uses phone selling strongly once potential clients have been obtained through direct mail or press advertising.

Lists are combed constantly to find potential "punters," such as those dabbling in new issues and high-flying USM or over-the-counter stocks. Once you have given your 'phone number the pressure is on with constant 'phone calls exhorting you to take advantage of the latest "opportunity" available for you to make your fortune . . . with limited risk.

John Edwards

LHW announced this week that John Hughes had resigned as managing director. However, he remains the largest shareholder and will concentrate on developing the company's overseas business. He will also resign from the London Commodity Exchange's publicity committee.

His replacement as managing director is Brian Edgeley, who joined the company in January. Mr *Edgley worked in London* for Bache Commodities, now part of the Prudential Bache group, for 20 years and was managing director of the London commodities division for seven years until leaving last year.

He was a member of the formation committee of the Association of Futures Brokers and Dealers, the industry's new self-regulatory organisation, until leaving Bache and served on several of the London Commodity Exchange's sub-committees.

Mr Edgeley said his appointment underlined the need for LHW to change its image in line with the trend towards increased investor *protection now developing in* the City. He added that his approach would be less entrepreneurial and more concerned with supporting the moves for greater regulation which, in the long run, would attract more business in the futures industry.

Bank's new tack

A NEW twist in the home loans mortgage market was provided *this week by United Bank of* Kuwait (UBK). It has decided for an experimental period starting from April 2 to base the cost of its mortgages on a new formula — the London Interbank Offered Rate (known as Libor) for three-month deposits, plus a fixed additional 0.875 per cent. Thus if the Libor three-month quotation on the morning of April 2 is 11.75 per cent, the UBK mortgage rate for the next three months would be set at 12.625 per cent. It will then be adjusted every three months in accordance with changes in the Libor market.

Although a minnow by comparison with the clearing banks and building societies, the United Bank of Kuwti has made its mark in the British mortgage market by offering very competitive rates to win business. For several months it was listed as among the cheapest sources of money in Blay's Mortgage Guide. However, the rise in the base rate earlier this year forced it to increase its mortgage rate by 1 per cent to an uncompetitive 13.50 per cent—especially bearing in mind that it is prepared to lend only a minimum of £30,000 and a maximum of 70 per cent valuation of the property (although this is lifted to 80 per cent for loans between £30,000 to £40,000).

Not surprisingly, new business has slowed up, so the bank is trying something new that may set an important trend for others to follow.

The possibility of Libor-linked home loans has been widely discussed recent, particu*larly by building societies* worried by the increased competition from the clearing banks. A big attraction for the lender is that it would be much easie for a Libor-based mortgage, with an independently fixed rate, to be sold to a secondary buyer, such as an overseas bank eager to lend long-term money in the UK but with no branch network.

But what's in it for the borrower? According to Mark Burton of UBK, the new type of home loan will be linked much more closely with the real movement in interest rates on the money markets and not with some artificial level, fixed by banks and clearing societies in *accordance with their own* needs. By using Libor, UBK will have a known profit margin to work on. Mr Burton claims that this realistic approch will work to the benefit of borrowers in the long run and possibly in the short-term as well, depending on the ternd in interest rates. The borrower will also be able to budget three months ahead, knowing that the mortgage repayment rate wil not be changed during that period.

Mr Burton also hopes that the Libor-linked rate will be cheaper, or at least competitive with other mortgage rates. However, much will depend on the general trend in interest rates.

If interest rates decline after the April 2 "fixing," then UBK home loan borrowers could be stuck with an uncompetitive rate for nearly three months. On the other hand, if interest rates increase then UBK borrowers will benefit in the short term.

The Building Societies Association, which has studied the pros and cons, says that Libor-linked mortgages arelikely to be more volatile, since the money market rates tend to be far more variable than the building society rates, which are adjusted must less frequently. However, that is essentially a short-term view.

UBK's decision to go for an perimental period is based on its doubts about whether the new Libor-linked rate can be marketed successfully, given the complications involved in comparing with other rates. It is worried that potential borrowers, looking for the best bargains, will tend to ignore the UBK rate if they are not exactly surewhat it is.

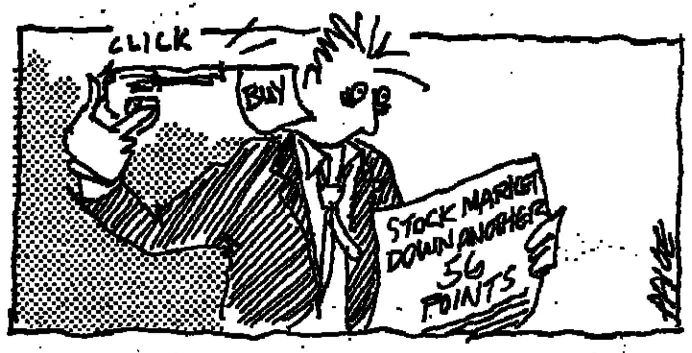
Being an innovator tends to be risky, with competitors often benefitting from your initial mistakes. Nevertheless, if the experiment is a success then UBK hope to be in thevanguard of a wider move in the future to set mortgage rates in a different way, more suited to highly competitive market conditions.

J. E.

• FINANCE & THE FAMILY •

Investment

Contrary behaviour



SHARE PRICES everywhere were rising to new hibh points this week, but one group of speculators *was preparing* to dash for cover. These were the apostles of investment by contrary *opinion — those who bet* against the crowd — and what had caught their attention was the cover story in that excellent US magazine, Business Week.

"How high is up?" warbled the headline over a picture of a bull leaping over the moon. "*Wall Street's stock rally is far* from over. Here's why."

To a contrary investor, the message was clear. *When* business magazines (and, no doubt, the Financial Times) get carried *away by a major* investment trend, that trend could be about to change.

Famous examples include Business Week's cover on "The death of the equity" in 1979, when the Dow was at 875. In 1984, it led with the stark question "Are utilities obsolete?", one week before the start of what was to be a *major upsurge* in utility stocks.

One US analyst with nothing better to do studied more than 3,000 covers of Time magazine going *back* to 1924. *In four* out of five cases where a financial story was given the prime position, the outcome within a year was the opposite of what the *magazine's* editors had predicted.

J. Paul Getty, the oil tycoon, was an arch exponent of contrary investing. In his book, How To be Rich, he wrote: "Buy when everyone else is *selling*, and *hold until everyone* else is buying. This is more than just a catchy slogan. It is the very essence of successful investment."

Or *as* Jeeves would have said: "It's all to do with the psychology of the *individual.*" At the bottom of a bear market, nearly everyone believes that prices will fall for ever. As shares start to recover, caution takes the place of fear and people begin to forget about their painful experiences. They become confident and eventually—as prices climb to their cyclical peak — a mood of euphoria takes over. Speculators come round to the view that prices will keep rising *indefinitely.*

That is the moment when Mr Getty would have been happy to sell you all the oil stock you could carry.

In the US, where such matters are taken seriously, the *cycle of fear, hope* and *greed* has been painstakingly analysed. Onewell known investment service, Investors Intelligence, has for many years published a poll *of other investment services.* This unerringly confirms the view that at important turning points in the market, the consensus view is always wrong.

But thereis one big difficulty in all this timing. Thefact is that in a bull market it pays to be bullish, and it is very difficult *to identify the* moment when prices start to part company with reality. There is no point in standing in front of an express train just because you think you have the right of way.

In the crash of 1974, I can remember deciding that some kind of bell had at last been rung when the BBC led the one o'clock news with a "terror stalks the Stock Exchange" story. *But as it turned out,* there were to be many more months of misery before the market finally hit the floor.

So contrary thinking is not enough by itself. It needs to be part of a broad range of techniques, ranging from fundamental analysis to plain common sense. A book on the *subject published recently* in the US* attempted to highlight the circumstances in which contrary thinking might pay off. There were, the author claimed grandly, a number of symptoms which had appeared in every *financial* mania since the Dutch tulip craze of 1636, and which would help the reader to *recognise when a boom* was about to go bust. Here, for what it is worth, they are:

- A breathtaking, parabolic rise in prices, accompanied by predictions that the rise will go on indefinitely.
- A widespread rejection of old *standards of value. The apologists* of the boom say that the dawning of a new era makes today's *high prices seem reasonable,* even cheap, no matter how outrageous they would have *seemed only yesterday.*
- A proliferation of dubious investment schemes promising huge returns in a very short time.
- Intense and — for a time — successful speculation by uninformed members of the public, *fostering the belief that it is* easy to make money in the market.
- Popular fascination with leveraged investments, such as futures, options, or margin accounts, which enable the speculator to control a large block of assets with a small down-payment.
- *Heavy selling by corporate* insiders and other conservative investors with a long-term orientation.
- Extremely high trading volume *that* enriches brokers and snarls paperwork as back offices try to keep track of the *many transactions.*
- Absurd or even violent behaviour by people who are desperately trying to get theier hands on the booming asset.

* Contrary Investing, by Richard E. Band; McGraw-Hill Book Company, New York: $16.95.

Richard Lambert

BRIDGE

TRUMP management is featured in each of today's two deals. We look first at a hand which occurred in a high class pairs tournament some years ago:

```
              N
          ♠ A 9 8 4
          ♡ K J 9 8 7
          ◇ 5
          ♣ A K 2
    W                 E
♠ J 7 6 5 3       ♠ —
♡ 8 5 4 2         ♡ Q 6 3
◇ 10 7 3          ◇ Q 9 8 6 4 2
♣ 3               ♣ J 7 6 4
              S
          ♠ K Q 10 2
          ♡ A
          ◇ A K J
          ♣ Q 10 9 8 5
```

South dealt at love-all and opened the bidding with one club, North forced with two hearts and South rebid two spades. North now introduced a Blackwood four no trumps, and went to six spades over his partner's response of five hearts.

West led the club three, which had all the earmarks of a singleton, and South captured East's Knave with his Queen. When the spade King was cashed, East showed out. It is never pleasant, especially in a slam, to find an opponent with more trumps than yourself, but when he had recovered from the initial shock South led another spade, finessed dummy's eight and returned the diamond five, finessing the Knave.

When this held he continued with Ace and King, discarding the two top clubs from the table. He cashed three more *clubs, on which West parted* with three hearts—it did not help West to ruff, as South could then draw trumps—played off his Ace of hearts (this is vital), and switched back *to clubs,* playing his five. West was trapped and the declarer made 13 tricks, West following helplessly, while the declarer scored the eight, Queen and Ace of trumps.

The *second hand* turned up last week in a teams-of-four match:

```
              N
          ♠ 9 6 5 3
          ♡ A J 5
          ◇ 8
          ♣ K Q J 10 2
    W                 E
♠ 4               ♠ A Q J 7
♡ 8 4 2           ♡ K 9 6 3
◇ K 9 6 5 2       ◇ J 10 4
♣ 9 8 6 4         ♣ 5 3
              S
          ♠ K 10 8 2
          ♡ Q 10 7
          ◇ A Q 7 3
          ♣ A 7
```

With neither side vulnerable, I dealt and bid one no trump on the South cards, to which North replied with a Stayman two clubs. I rebid two spades and my partner's *raise to four* spades concluded the auction.

West opened with the eight of hearts, dummy played low, the King won, and East returned the diamond Knave. After studying the position for a few moments, I *won with the Ace. I felt there* were four spades in one hand—you get these hunches—and I did not want to use one of dummy's entries prematurely, *so I led the two of spades.* East took the nine with his Knave, and switched to the five of clubs.

I ran *this to dummy's* ten, returned a spade and finessed my eight, West showing out. I cashed the club Ace, crossed to the Knave of hearts, and led the *King of clubs. There is no more* satisfactory method of drawing trumps than with a side suit—it is trump management *par excellence.* East was helpless. He *could* make his Ace *of* trumps whenever he wanted to, but the rest of the tricks be*longed* to me.

You might criticise my line of play, but I enjoyed it.

E. P. C. Cotter

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Management Courses

Businesses for Sale

Business Wanted

Business Services

Legal Notice

No. 00231 of 1986
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
EQUITY CAPITAL
FOR INDUSTRY LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 25th February, 1986 presented to Her Majesty's High Court of Justice for (1) the sanctioning of a Scheme of Arrangement and (2) the confirmation of the reduction of the capital of the above-named Equity Capital For Industry Limited (hereinafter called "the Company") from £31,680,000 to £11,148,410.40.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Harman at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday the 24th day of March, 1986.

ANY creditor or shareholder of the Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

Dated this 15th day of March, 1986.
HERBERT SMITH & CO.,
Watling House,
35-37 Cannon Street,
London, EC4M 5SD.
Ref: 72.
Solicitors for the Company.

Contracts and Tenders

BRAZIL

ELETROBAS THIRD POWER DISTRIBUTION PROJECT

GENERAL PROCUREMENT NOTICE

LOAN NUMBER 2565-BR

Eletropaulo-ELETRICIDADE DE SÃO PAULO S/A — is a beneficiary under a loan obtained from the World Bank, through Centrais Elétricas Brasileiras S/A — ELETROBRAS, to cover part of the electrical distribution expansion *programme planned for 1986/1989.*

During the next 12 months ELETROPAULO will issue invitations for international bidding *for the supply of equipment and material grouped as* follows (with estimated value).

ITEM	DESCRIPTION	ESTIMATED VALUE (US$ MILLION)
1	Aluminium Conductors ACSR, ASC	8.2
2	*Multiplex and Insulated Aluminium* Conductors	1.0
3	*Oilfilled Underground Cable 345kV and* Accessories	18.3
4	*Power Circuit Breakers*	0.4
5	Power Transformers	6.6
6	Metalclad Switchgear 15kV	1.5
7	Static Capacitors	1.6
8	Steel Structures for Transmission Towers *and Substations*	6.7
9	Sectionalisers 138kV	2.0
10	*Underground Network Protectors*	3.6
11	Meters (single and polyphase)	3.4
12	*Lighting Arresters 12kV and 20kV*	1.6
13	Disconnecting Switches (Fuse and Knife) Type)	1.4
14	Distribution Transformers	8.4
15	Overhead and Underground Power Cable 15kV	4.5
16	Miscellaneous Equipment	1.0
		70.2

Suppliers and manufacturers from member countries of IBRD, Switzerland *and Taiwan (China) who wish to be included in a mailing list to receive* invitations to bid on the above mentioned items are requested to state in writing the items in which they are interested, addressing their communications to:

Eletropaulo-ELETRICIDADE DE SÃO PAULO S/A
IBRD Loan Number 2565-BR
Attn: Superintendency Foreign Supply
Av. Brigadeiro Luiz Antonio, 1813 — 9° andar
01317, São Paulo, Brazil

Sale by Auction

هكذا من الأصل

• FINANCE & THE FAMILY •

Sick pay

Extending liabilities

APRIL will see several changes in the operation of Statutory Sick Pay (SSP). Since the introduction of the scheme in 1983, employers have been required to pay SSP to their employees for a total of eight weeks of sickness in any one tax year. In most cases, instead of having to turn to the DHSS for Sickness Benefit, employees now look to their employers for payment of SSP; in effect the employer has become an "agent" for the DHSS.

As from April 6, the employers' liability has been extended to 28 weeks; this applies whether or not the period of sickness falls within a tax year (April-March) or crosses into a new tax year.

Under present rules, if an employee has a short spell of sickness followed by a further spell of sickness within two weeks, the total time off is considered to be part of the same period of illness; the employee does not have to serve a further period of "waiting days" before establishing entitlement. As from April the so-called "linking period" is to be extended to eight weeks. So, if an employee is sick during week one, returns to work in week two and falls sick again in week eight, he or she will automatically and immediately be entitled to SSP without having to forfeit payment for three waiting days.

In cases where an employee has changed employers and has suffered a period of sickness at any time during the eight weeks prior to leaving the original employer, the latter must give the employee a statement giving details of previous SSP entitlement. This is passed on to the new employer (rather like a P45). If, in the new employment, the employee falls sick again, employer number two can consult the statement in order to calculate maximum SSP liability.

The employer's liability will, in future, last for 28 weeks. But once the employee has been continuously absent through illness for 23 weeks, employers will be required to issue the employee with a "transfer form." This will give the DHSS notice of a possible forthcoming claim for National Insurance state benefit, in the form of Invalidity Benefit. The "early warning" is intended to ensure that the DHSS has sufficient time in which to arrange transfer from SSP to Invalidity Benefit, which is payable after 28 weeks of continuous incapacity for work.

As usual, at this time of year, the SSP rates will also be increased with effect from April 6. This year the rates and earnings bands which currently apply have been increased by 5.4 per cent. (Details in the table.) In addition the "lower earnings limit" for Class 1 National Insurance contributions will also be increased from £35.50 per week to £38 per week.

In calculating the rate payable, transitional provisions apply to those who are already off sick at the time the upratings take effect. In consequence, whichever level of SSP an employee is receiving at the time the upratings take effect — whether it be standard, middle or lower rate, from April 6 this year the employee will be entitled to the new amount of SSP for as long as that period of incapacity lasts.

This will apply whether or not the earnings would, in theory, put the employee into a different earnings band. Note: SSP is subject to income tax and National Insurance contribution deductions.

As when SSP was first introduced, these changes add to the administrative burdens carried by employers. This is especially the case for smaller businesses.

To some extent the Government has tried to soften the blow. For example, with effect from last April, employers have been compensated for the National Insurance contributions paid against SSP payments; this compensation is calculated as a percentage (currently 9 per cent) of the total paid to employees.

In addition, there has been some relaxation of the rules in relation to record-keeping for employers. Under the present system employers are required to keep sickness records for a minimum of three years.

It is possible that, since SSP liability will in future last for 28 weeks, there may be cases where an employee has several short spells of sickness which fall within eight weeks of each other, but which may spread over a period of several years. To keep track of this the employer would theoretically have to keep records for more than three years. In order to obviate this need in future, liability for SSP will end after three years of one period of incapacity—whether or not the maximum of 28 weeks SSP has been paid.

Despite these small concessions, it is clear that, once again, personnel departments have to get to grips with new sick pay arrangements—and well before April. In an attempt to ease the transition, the DHSS has produced a new version of the "Employers Guide to SSP." This is available from the DHSS Leaflets Division at Stanmore, Middlesex, Leaflet No NI 227.

Carrie Cliff

STATUTORY SICK PAY

Rate	Average weekly earnings	SSP rate from: April 6 1985	April 6 1986	Increase
Standard	£74.50 or more	£44.35	£46.75	£2.40
Middle	At least £55.50 but less than £74.50	£37.20	£39.20	£2.00
Lower	At least £38.00 but less than £55.50	£30.00	£31.60	£1.60

CHESS

THE ANNUAL Oxford v Cambridge match is the oldest traditional fixture on the chess calendar. First played in 1873, it has continued annually except for war years. Superiority goes in sequences: Oxford's 5½-2½ victory at the Royal Automobile Club last weekend was their sixth in a row, but before that Cambridge had won all the previous 11.

The event has proved an excellent nursery for British internationals. Participants in the 1920s included Alexander, Milner-Barry and Winter who all represented England in olympiads. Later came the generation of Keene, Hartston and Botterill, later still that of Nunn, Mestel and Speelman—all six later British champions.

Nowadays the top boards on both sides are often fully fledged masters. Last year's Oxford No 2, Jonathan Levitt, has just finished with a high prize in the Lugano Open, missing the grandmaster norm by half a point. Two others of that 1985 Oxford team went on to achieve IM norms at Lloyds Bank, where the Cambridge No 1 Ivell had world No 3, Belyavsky, on the brink of defeat.

The most likely future GM from the 1986 match is James Howell, 18, silver medallist in the European junior championship: Howell won one of the trophies which sponsors Lloyds Bank award to the best games on each side in the first and second team and freshmen's matches. This week's game also won a Lloyds Bank trophy and displays what could become a popular motif—the opening follows a choice of world champion Kasparov.

White: K. L. Shovel (Oxford). Black: D. J. Watts (Cambridge).

King's Indian Defence

1 P-Q4, N-KB3; 2 P-QB4, P-KN3; 3 N-QB3, B-N2; 4 P-K4, P-Q3; 5 N-B3, 0-0; 6 P-KR3, P-K4; 7 P-Q5, N-R3; 8 B-K3, N-R4.

White's plan with 6 P-KR3 is to gain space by P-KN4 and to develop his bishop at K3 without allowing N-KN5 in reply. Black can counter by 6 . . . P-B4; 7 P-Q5, P-K3 but prefers piece activity to exploit White's king in the centre.

9 N-R2, Q-K1; 10 B-K2.

Kasparov prefers 10 P-KN4, N-B5; 11 Q-Q2 and castling queen's side.

10 . . . N-B5; 11 B-B3, P-KB4; 12 P-KR4, Q-K2; 13 P-KN3, N-N5!? 14 PxN, PxKP; 15 PxP, PxB?

In Kavalek-Kasparov, Bugojno 1982, White declined the knight but his 14 Q-N3, KN-Q6 ch; 15 K-K2, P-B5 proved good for Black and Kasparov won brilliantly. Later 14 0-0, P-KN4; 15 KPxP, BxP was recommended as best for both sides. Accepting the knight is dubious because Black can play either 15 . . . N-Q6 ch; 16 K-Q2, RxB; 17 NxR, B-N5; 18 NxP, NxKP or more simply 16 . . . QxKP. In the present game Black levels material but White's pawn at K6 cuts the defence in two.

16 P-K6! QxRP; 17 P-R3, N-R3; 18 Q-Q3; B-K4; 19 0-0-0!

Now White in his turn can sacrifice a knight for a winning attack. 19 . . . BxN(R7); 20 QR-N1, R-B5.

White threatens 21 RxP ch, PxR; 22 QxP ch, K-R1; 23 B-Q4 ch! and mate, while if 20 . . . R-B3; 21 K-N1 threatens 22 B-N5.

21 K-N1, N-B4; 22 RxP ch! K-B1; 23 BxR, PxR; 24 QxNP, QxB; 25 RxB, NxP.

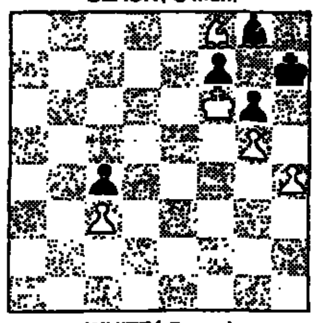
Desperation, for if QxR; 26 Q-B7 mate.

26 R-R8 ch, K-K2; 27 R-R7 ch? White can mate in two by 27 R-K8 ch.

27 . . . K-Q1; 28 PxN, Resigns.

PROBLEM No. 611

BLACK (5 men)



WHITE (5 men)

White mates in 11 (!) moves at latest, against any defence (by P. Loschl, 1982). Black is well and truly locked into a corner, but the problem for White is to find the only precise move sequence to force mate.

Solution, Page XVII

● The GLC Challenge, where seven British internationals led by Nunn and Nigel Short face seven overseas GMs led by Boris Spassky and two Russians, continues on Monday at the Great Eastern Hotel, Liverpool Street, London (no play this weekend). Sessions are from 1 pm to 6 pm daily, and there are continuous running commentaries for spectators.

Leonard Barden

Delayed reaction

I was involved in an accident at work eight years ago. I have *obtained legal aid and although* my solicitor assures me he is doing all that is possible, the case is still waiting a hearing in the High Court. Why is there this delay? Is there anything I can do?

You should ask your solicitor to *set out in writing the precise* reasons for the delay. If the explanation is not satisfactory *you can change your solicitors.*

A change of solicitor may lead to some slight further delay while your new solicitor masters the case, but this need not be more than a very short period, and may well prove more productive overall.

Deeds of covenant

I would be most interested if you could tell me why Deeds of Covenant have to be witnessed in England *but* not in Scotland, and what the words "adopted as holograph" mean when written on Scottish deeds of covenant.

I would also like to write to the appropriate authority (if you could tell me which that is?) to suggest that England should follow Scotland's example! It is a pleasure to give to Scottish charities, but I hate asking friends to witness for English ones, partly because I do not want them to know all my business but mainly because they seem to have such a lot to fill in, even down to occupation.

A deed of covenant to be *effective must* be probative and if probative no further evidence is required of the obligations or rights which it purports to confer. In Scotland, a writ is probative if it is written by the grantor or if it is subscribed by the gurantor *before two witnesses or,* finally, if the grantor writes in his or her own handwriting above the signature the words "Adopted as Holograph." The words in effect mean "Adopted as my own writ and is signed with the intention of such adoption" making the deed binding on the person signing it.

Problems arise in this instance as there have been cases where deeds executed in *this way have been reduced by* the Courts and also grantors often do not appreciate the *purport of the words.*

Furthermore, holograph writings and those adopted as holograph on which an obligation can be founded fall after 20 years from the date of the deed. Thereafter the authenticity of the writing and subscription must be proved by oath of the grantor or his representatives notwithstanding interim payments.

Clearly to have a writ attested has advantages and there is no requirement on witnesses to know the contents of the deed or to know (in the sense of being a friend or acquainted with) the signatory. It is sufficient that the signatory makes himself known to the witness before signing the deed or acknowledges his signature already on the deed as *his own.*

Any bank *or solicitors'* office will be happy to provide witnesses should you wish to obviate the need of approaching friends for this purpose.

Selling land

In 1984 I sold 2 acres of land *in Hampshire* to a Development Company, with an option to purchase the remaining 2 acres *in April of this year.* I subsequently realised that the price was much too low, but accept that since I failed to take professional advice, that is entirely my own fault. However, I have now been informed that the option will be exercised, but by a Company *with an entirely different* name to that which appears on the option agreement. Upon querying *this with the* original persons concerned, they have informed me that this is a order, and I am committed to carry out the sale, as the name of the original purchasers has been changed. They have provided me with a photocopy of a "*Certificate of Incorporation* on Change of Name" issued by the Companies Registration *Office, dated 11th June 1985.*

Am I legally obliged to complete this sale and transfer?

If the certificate of incorporation and change of name shows the former name of the company as that of the option-holder and shows as the new name the exact name of the company now seeking to enforce the option, then the position is one where the same compay which was granted the option is now seeking to enforce it, and you are bound in law to comply ad complete the sale by executing a proper conveyance or transfer of the land in question.

Zimbabwe taxation

In 1984 my investments in Zimbabwe "frozen" in my bank there by the Smith Government, were taken over by the Government of Zimbabwe, compulsorily, and I received in exchange Government of Zimbabwe 4 per cent x 12 years *local registered external bonds.* My investments were South African and Zimbabwean share *certificates and cash in the* bank there. The Zimbabwean Bonds are free of tax in *Zimbabwe but as the dividend* comes through my bank here deducts the usual *30 per cent* (UK). This rather surprises me as I thought that the old *double taxation agreement*— Rhodesia/UK from pre-independence was embodied *in the Lancaster House agree*ment with Zimbabwe. Therefore there should be no *deduction of* UK tax.

The old Rhodesia-UK double taxation agreement ceased to have effect under UK law from December 12 1979 (although the Inland Revenue did not realise this until about three years later). The Zimbabwe-UK double taxation agreement of October 19 1982 entered into force on February 11 1983, with retrospective effect from April 6 1981. Neither of theagreements would exempt you from UK tax on the bond interest, however, so the bank is right.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Tax nightmare

David Cohen explains the problems of renouncing income or assets

HAVING TO pay tax on non-existent profits must be the taxpayer's ultimate nightmare. Under the UK tax system great care needs to be taken to stop the nightmare becoming reality.

The usual source of the problem is when a person gives away an asset or opts not to collect money to which he is entitled. The motive will not necessarily be altruistic; for example, majority shareholders in a company, facing a 60 per cent income tax charge, may prefer to leave dividends in the company in order to boost the value of their shares.

The consequences of a give-away will depend very much on the type *of income* being renounced. The harshest treatment is reserved for recipients *of property income. Land*owners are taxed on the full amount of income which *irrespective of how much they* tenants are obliged to pay actually pay. So if he a landowner either *forgets to collect* rent or tries to but fails, he or she will still be taxed on the full *amount.*

However, there are two exceptional cases where uncollected rent will escape tax. The first is where reasonable steps have been taken to make the tenant pay up but without success. The second is where the landowner has let the tenant off on compassionate grounds and gets nothing in return.

Rather than rely on these exceptions, a more radical solution would be to block entitlement to the rent by executing a deed of waiver. The deed could be expressed to apply to the remainder of the lease or to any shorter period at the landlord's choice.

Less stringent rules apply to employees who forego part of their salary. Tax under schedule E is only charged on money actually received by an employee or otherwise placed at his disposal, eg, in a bank account which he can draw on.

Theoretically, an employee who decides, *for whatever un*fathomable reason, to repay part of a salary already received *will still have to pay tax on the* amount repaid. However, in practice, if the repayment is *made before* the *relevant* tax assessment is finalised, it seems that the Revenue will not press *the point.*

By contrast, the taxman is unlikely to be as soft on share*holders who waive dividends.* Timing is crucial; tax will *only* be avoided if the waiver is made before the shareholders' right to the dividend accrues. Precisely when that happens hinges on a company law technicality. Final dividends accrue as soon as payment *has* been approved by the shareholders but interims only when they are actually paid. So a year-end dividend must be renounced before it is approved, but an interim at any time before it *is* received.

Even if a shareholder successfully negotiates this timing hurdle there may be another *quite separate,* tax headache. By surrendering a dividend a shareholder will effectively be making a "*gift*" *to* the other shareholders since the value of their shares will benefit from the action. This is just the type of "gift" which would normally bring capital transfer tax *into* play.

In fact, there is a specific CTT exemption for dividend waivers; but only if the waiver is made at least 12 months before the shareholder becomes entitled to the dividend. So a waiver within 12 months will clear the income tax barrier but create a potential CTT problem.

This illustrates a more general problem for people giving up income of *whatever kind: the* dual threat of income tax and capital transfer tax.

Employees who escape income tax on waived salary should generally have *no* problem with CTT but there is no specific CTT clause for rental income so the general *exemption has* to be *invoked.*

Income tax and CTT are not the only taxes which can bite at an empty wallet. *Capital* gains tax can be equally savage. In many situations the CGT rules deem an asset disposed of at market value irrespective of the price it actually fetched. This means that if the asset is given away the donor will be landed with a full CGT bill though receiving no money with which to pay it.

However, an escape is now available, provided the donee is prepared to co-operate. If both parties elects to "hold-over" the gain then the donor will pay no tax at all and the donee will take on the donor's original base cost.

Suppose, for example, that Dad gives Sonny Jim a shareholding worth £3,000 on which Dad's base value is £1,000 and that Jim later sells it for £4.000. In the absence of this escape route the gift will cost Dad CGT on £2,000 and Jim, in his turn, will have a taxable gain of just £1,000. If they elects to "hold-*over*" Dad *pays no* tax at all while Jim will be saddled with liability for a gain of £3,000.

Credit cards

The elastic plastic

THE RECENT volatility in leading currencies on the foreign exchanges should be of more than passing interest to you as an intrepid traveller, whether you travel on business or for pleasure.

There is little you can do to guard against severe exchange rate fluctuations and they could work in your favour. When choosing your means of finance while abroad, you should, however, be aware of how changes are calculated and how this could lead to additional costs.

Plastic cards have become an increasingly popular means of financing trips abroad, particularly those which crop up at short notice.

Credit cards such as Barclaycard and Access are widely accepted overseas through their respective links with Visa and Mastercard, while charge cards such as American Express and Diners Club are accepted in even the more far-flung places.

One of the advantages of a card such as American Express or Diners Club is the unlimited expenditure it allows, although you do have to repay the entire amount as soon as it appears on your bill.

Both these organisations do their exchange rate conversions straight from the currency of your transaction into your billing currency — sterling, if you are a UK cardholder.

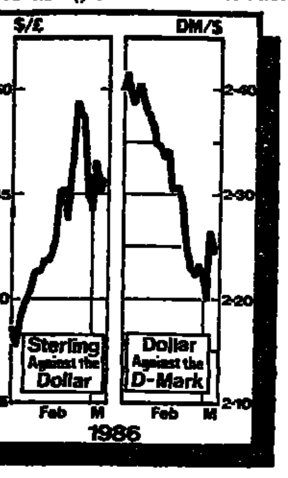
You are thus exposed to just one set of exchange rate fluctuations. The exchange rate you are offered is the interbank rate, or a tourist rate, or, in the example of Diners, the bank selling rate offered by Citibank.

The rate used for the conversion will be the one that prevails on the day the processing centre for the credit card receives the voucher from the merchant whose goods or services you sampled. This process should take just a few days, but could take considerably longer, depending both on where you used the card and the administrative efficiency of the merchant.

On international transactions involving currency conversion, both American Express and Diners charge a 1 per cent commission on each transaction. The conversion rate itself will not appear on your bill. If you made a calculation at the time of the charge and exchange rates have fluctuated substantially in the interim, you could be in for a surprise.

Commission charges and currency conversion methods are by no means uniform for all plastic cards. Visa International, which operates a credit card scheme with a number of banks including Barclays, Trustee Savings Bank, Standard Chartered and the Co-op in the UK, has a distinctive method of calculating currency conversions.

All Visa International transactions are sent to the US, where they are converted into dollars using the interbank rate on the day they arrive. Visa say that it should take under a week for your Bonn hotel bill, for example, to reach the US and be changed into dollars.



It is then up to your bank to calculate the bill's conversion into sterling. Barclays, for example, says it charges no commission and uses the interbank rate for this calculation.

However, this process means that you are unnecessarily exposed to two sets of foreign currency fluctuations, and to two "spreads" of currency range on different days. If you are unlucky, your Bonn hotel bill could arrive in the US just as the dollar slumped against the D-mark, then move onto London as sterling began to suffer again from jitters over the oil price!

Access makes a distinction between Europe and the rest of the world (excluding the US) for purposes of currency conversion. Whereas European card transactions are channelled to Brussels, where cross-rates are used to convert the sum into sterling, all other non-European currency transactions are sent to the US first and converted into dollars.

Access says this is done to try and counter the volatility of currencies outside Europe and as such is of benefit to the cardholder. Access (Mastercard) and Visa spokesmen stress there are no commission charges on currency conversions.

If you choose to finance your trip by other methods, you will find that commission charges are only too clearly spelt out. Traveller's cheques have long been popular, but the charge for obtaining them is usually 1 per cent of the overall value — although some building societies, such as the Leeds Permanent, will waive this charge to account holders—and there is a further commission of around 1 per cent when cashing the cheques abroad.

Traveller's cheques also have the disadvantage of tying up your money before you spend it — you effectively lose interest on your money as soon as you buy the cheques. And the exchange rate offered for traveller's cheques may not be favourable.

Unless you are travelling to a remote part of the world, dollar traveller's cheques are not recommended, as they too will expose you to two sets of exchange rate fluctuations. They are, however, essential in the US.

Dina Thomson

NU gets aggressive

WHILE you might well hold a with-profits life policy with Norwich Union Insurance (NU), one of Britain's largest life companies, you are less likely to have taken out one of its unit-linked policies.

Although it has been offering unit-linked products for 11 years, its share of this rapidly expanding market has so far been negligible. The company admits that it has not really tried, but its new management is adopting a more aggressive attitude—as it has to the marketing of NU's traditional UK life business—and aims to become a major force in the unit linked market.

Details of this new approach were unveiled recently to the outside world from the splendours of Leeds Castle, in the heart of Kent. A new company is being set up—Norwich Union Asset Management—solely to deal with the unit-linked sector which, in the words of general manager Ron Sneddon, aims to acquire a "sizeable share" of the market.

For a start, NU is moving into the unit-linked life, mortgage and individual pensions market, offering seven contracts from June 2. Like all recent entrants into this field, there are pre-launch offers. The group operates mainly through independent intermediaries, so further details can be obtained from your insurance adviser. Full product information will be available on the various video information networks.

This is just the first phase in the new style approach. A second phase is planned to include a unit trust operation, the sector that traditional life companies have been falling over themselves to enter.

Eric Short

Personal insurance

Prudent measures

A WOMAN who had jewellery valued at £29,000 stolen at Gatwick Airport, while she left her handbag unattended for a few seconds, was told by her insurance company that she was not covered for the loss under the terms of her "all risks" policy.

She refused to accept its decision and was duly rewarded when a High Court judge ordered the Phoenix Assurance Company to pay Mrs Josephine Port-Rose £29,000 damages together with interest and costs. The judge rejected the insurance company's argument that leaving the handbag unattended, albeit temporarily, was a breach of the policy conditions.

The arguments before the court involved the extent to which a policyholder had a duty of care to look after his property. Most, if not all, household policies require the policyholder to exercise some degree of care and to take all reasonable steps to prevent loss or damage occurring to the insured items.

If you look at your particular policy, you will more than likely find that the payment of claims is dependant on your observing various general conditions. One is that you take all reasonable precautions against accident, injury, loss or damage. Unless you have taken care to look after possessions, you may not be able to claim for their subsequent loss or destruction.

For example, just because your bike is insured against theft, it does not mean that you can claim if it is stolen when left leaning against a shop window unlocked. In these circumstances it is more than likely that a claim will be rejected because the owner failed to take reasonable steps to prevent theft. It is important to realise therefore that even though the policy may not expressly require locking the bicycle, it becomes a general condition of the insurance because locking is considered a reasonable precaution which everyone should take.

When considering whether the policyholder has actually taken "reasonable steps" to prevent or avoid theft, you are entitled to look at the value of the goods in question. Precautions which are suitable for goods of moderate value, such as the kind of camera that the average tourist might have, worth, say £100-£200, might be wholly inappropriate for sophisticated photographic equipment worth over £3,000.

There are many examples of where a policyholder has been found not to have exercised reasonable care over his property. Leaving a gold watch unattended on a busy beach when swiming is an obvious breach of condition. Similarly leaving all one's jewellery in a suitcase in a car in a public car-park while shopping is not "taken reasonable steps" to look after them.

The most startling example in one particular case dealt with by the Insurance Ombudsman was where the policyholders said that they had gone shopping on their way to the bank with well over £10,000 worth of jewellery in a plastic bag which had then been left hooked onto the back of an unattended baby-buggy. The insurance company rejected the claim on the grounds that no one is entitled to rely on the existence of insurance as an excuse for not taking care appropriate to the value of goods.

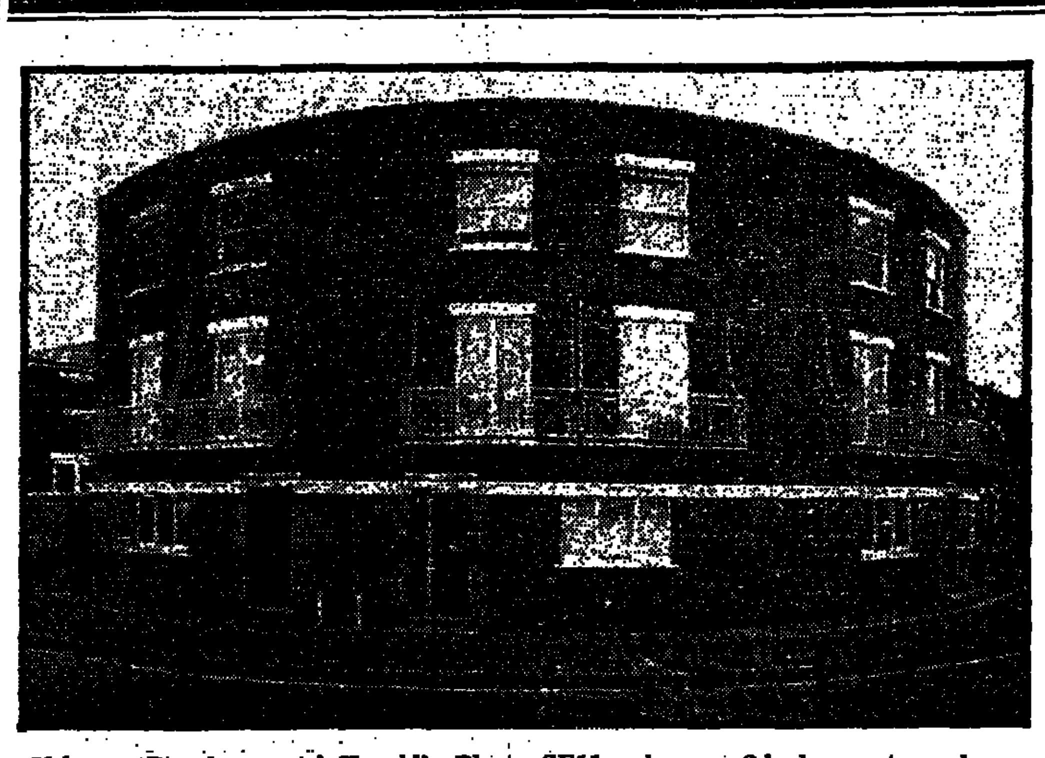
Every case has to be examined on its facts. Your contents policy may have a condition that whenever the property is left unoccupied for any period, all windows and doors must be locked or a burglar alarm must be set. If you do not comply with these conditions your claim will be rejected. But if there are no such express conditions insurance companies cannot avoid claims merely because a bathroom window was left open. It may be different if you leave a key under a doormat though which might be considered to be inviting trouble.

Closely linked to the duty to take care is the duty which policyholders have to keep their insured goods in a good state of repair. This point often arises in motor policies where the policyholder "is required to take all reasonable steps to maintain the vehicle in an efficient condition." A driver with bald tyres who skids into a tree may well find a claim rejected on the basis that the accident would never have happened if the vehicle had not been in a bad condition.

The moral of these examples, and the only way to be sure that you are complying with the duty to take "reasonable steps" to protect property from losses and damage is to behave as if you did not have any insurance cover at all.

Had Mrs Port-Rose's handbag been stolen from a baggage trolley while she was wandering off to the duty free shop she might not have been so successful in her claim.

Jeremy Sandelson



Usborne Developments' Herald's Place, SE11, where a 2-bedroom town house is £75,000 through Townchoice (01-731 4448)

The south bank show

WITH THE thriving London market for houses and flats continuing to surge ahead, developers are constantly searching for "new" areas to exploit.

South of the river, Vauxhall, Lambeth and Kennington are London "villages" which have grown together over the years. Stretching roughly across the postal districts SW8 to SE11, the district has amenities such as the new Covent Garden fruit, flower and vegetable market at Nine Elms, Sainsbury's huge supermarket in the Wandsworth Road — and the Oval Cricket Ground.

When Vauxhall Bridge first opened, in 1876, it was called *Regent's Bridge: London's first* iron bridge over the Thames. A stylish new complex, Regent's Park Gardens, off Rita Road, SW8, derives its name from it. The project is a sensitive transformation of an old Sarson vinegar factory into residential accommodation.

A partly derelict site for some years, it was sold by British Vinegars to Skillion, a Battersea company, which is refurbishing the existing mellow brick buildings. Tarmac's Groveside Homes are creating new units to blend in with the old.

The history of what was once 87 South Lambeth Road goes back to 1871. Henry Beaufoy, of the wine and vinegar trade family who first came to the area in 1739, built a new vat, vaults, brewhouse and cooperage there as well as a home. (The Beaufoys, well-respected Quakers, also set up a school in Lambeth Walk, the street made famous by the 1937 musical Me and My Girl now making a successful come-back in London's West End).

The business was run by the family until 1941, when the last Beaufoy in the firm, George Maurice, along with some of the premises were casualties in second world war air raids.

Parts of the *site are listed* Grade II in architectural importance: the north lodge, which will become the gate house; the 1812 house and ballroom wing; the clock tower, and a gun post in the south-east corner. Timber from turn-of-the-century vinegar vats has been used to surface a 49 ft by 54 ft roof terrace. A dining room in one apartment has the original raised stone-flagged floor.

The *innovative scheme, which* will incorporate a swimming pool and gymnasium, is aimed mainly at young professionals seeking a London base, and people who want a home with good-sized rooms for entertaining. A rented-out package deal for expatriates can be arranged.

It is just within the Division Bell area; test drive to the House of Commons took six minutes. Current rates, though, in the Borough of Lambeth, are £224.85 in the £—much higher than Westminster.

The agents for the scheme are Farrar Stead and Glyn, 152 Fulham Road, London SW10, who are also manning the show flat, open 10 am-5 pm every day. They are astonished at the enormous interest, especially in the "shell" units, where water, drainage, electricity, central heating and overhead light fittings are going in, but buyers have to organise the kitting out of bathrooms and kitchens.

Demand for this spacious warehouse-style accommodation with its exposed beams, rough brick walls and original supporting cast iron columns has been such that it has been *offered on the option system.* You pay a non-refundable deposit of £300 for an option which must be taken up, and contracts exchanged, within 21 days of the release of the price. Guidelines for prospective buyers have been from £50,000 for a one-bedroom flat, to £295,000 for a four-bedroom penthouse. The developers say that these figures will be within 10 per cent of the release-prices, to be announced on Tuesday *April 2.*

Mortgage finance on a 25-year term can be arranged through Shearman Associates, 124 *Wigmore Street, London W1.* On a "shell" purchase price of, say, £100,000, with an additional £10,000 for installing the bathroom and kitchen, a maximum 90 per cent total loan of £99,000 would be granted, subject to status.

Initially only 90 per cent of the shell value would be released; you would need £9,000 on a bridging loan until work has been completed. Then, the bridging loan is replaced by a top-up mortgage. (A leaflet setting out the scheme is available from Mandy Witt on 01-935 6907.)

In Hanbury House, newly built in Regency style and named for John Hanbury Beaufoy, flats are being offered *on firm* prices of £41,000 for a studio, £56,000 for one bedroom. For this you get kitchen and bathroom equipment and fitted carpets.

Parking spaces for the flats cost an extra £2,000. Each of the four-bedroom town houses, at £149,950, has its own garage and little garden. A handsome five-bedroom, four-bathroom *house incorporates* the old ballroom, with a sweeping staircase up to a large open-plan living-room.

Townchoice, 78 New King's Road, London, SW6, is agent for Usborne Mews, just being *built in Carroun Road.* Flats and houses, each with its own garage, designed by architects Moxley and Frankl, are selling off-plan between £58,000 and £108,000.

Attractive archways and walkways enhance an awkwardly shaped site. Sales manager Elizabeth Baron says that local residents are buying, particularly those looking for something easy to run. The first phase is expected to be ready in May.

Properties in the vicinity of Regent's Bridge Gardens are already rising in price. Alongside, in Rita Road, in the terrace of pleasant but not particularly distinguished red brick, bay-fronted houses have been changing hands rapidly.

A *house is now around* £80,000-£100,000, depending on which end of the road it is in. Converted into three flats, each unit can sell at around £52,000. Local agents include Alan Fraser (01-587 1004), Morgan Gillie (01-720 5361), and Winkworth (01-587 0600).

The indications are that the market will continue to grow, Winkworth says, noting a shortage of houses in the low to middle price range.

Around the corner, Fentiman Road is said to have 14 politicians living in it. A well-appointed five-bedroom two-bathroom period house with a *wine cellar (and a prolific vine)* is £230,000 freehold through Winkworth, Kennington Road, London SE11. A house further *along the road has that precious* commodity, a garage.

In Kennington, where the Black Prince once had a palace (and where, as Duke of Cornwall, the present Prince of Wales is still ground landlord of a number of streets), solid Victorian houses on four floors are popular buys. Tucked away in a charming courtyard setting by Gilbert Road and Renfrew Road, Herald's Place was built less than two years ago. Townchoice (01-731 4448), is handling a re-sale of one of the two-bedroom townhouses at £75,000.

June Field

Costly positions

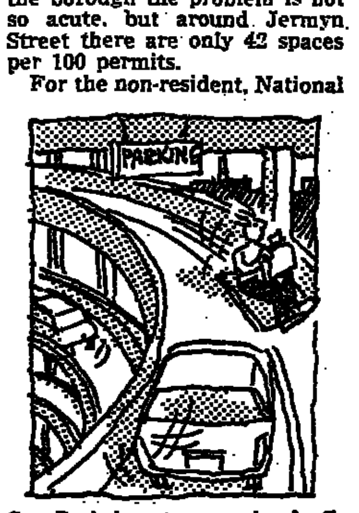
THERE IS an old saying in the car-parking world that the three most important things for a car park are position, position and position.

London's Jermyn Street, running parallel to Piccadilly, between Regent Street and St James's Street certainly qualifies on *all three counts, and it* is there that a covered parking space "for a small car" was recently offered for £2,750 a year.

What are the alternatives, and is not £2,750 nearer to the cost of a small car than the price *you should* have to pay for the privilege of parking it?

Westminster residents pay £45 a year for a permit allowing them to use special parking bays. There is no waiting list, but Westminster's headache is that the number of permit holders exceeds the number of spaces. In the outer parts of the borough the problem is not so acute, but around Jermyn Street there are only 42 spaces per 100 permits.

For the non-resident, National



Car Parks' vast network of off-street car parks offer an alternative. The annual cost of using its Arlington Street car park at the Green Park end of Jermyn Street is £2,800. As we now know, position is everything. Half a mile away, in its Park Lane car park beneath the Hilton Hotel, it would be £2,015, and in the City, nearer £1,500.

It is a popular misconception, says Mr Graham Duncan, NCP Commercial Manager, that you cannot park in London. You just cannot park on the street. With one or two exceptions, he says, you can always find space in an off-street car park.

Another fallacy is that it is difficult to park at night. To reassure theatre and operagoers, NCP runs a scheme with Ticketmaster, a ticket agency, as well as with the Royal Opera House, providing reserved parking spaces with show tickets.

There are some 10,000 parking meters in Westminster, and if you can find a vacant one in the Jermyn Street area it costs 10p for 10 minutes, with stays of up to a maximum of two hours. The GLC says "If drivers did not misuse meters it would be the same, in terms of easier parking, as having three times the number of meters we have at the moment."

Misuse includes jamming or feeding meters, for which you can be fined £200. Excess parking tickets are £12. The police in Westminster can use wheel clamps on illegally parked vehicles: freedom costs £25 plus the cost of the original ticket. *Dangerous parking could lead* to the car being towed away and a charge of £57, plus the parking fine plus £5-a-day storage.

The difficulties of parking in Westminster reflect those in the rest of London, and highlight the problems aggravated by inadequate facilities, illegal parking and lack of enforcement of parking controls. What the GLC calls "parking anarchy" leads to traffic jams and when the parking system stops working, London's traffic stops moving.

Mr Ron Sharpool, the AA's London Traffic Officer, believes that stricter enforcement of parking controls would *considerably ease the problems.* That would mean more traffic wardens. There is provision for 1,800 wardens in central London, (25 *per cent fewer than* during the 1960s) and it is generally agreed that 4,000 are needed to do the job properly. Although the police and traffic wardens issue more than 2.5m tickets each year, it is estimated that there are more than 300,000 cases of illegal parking in central London every day.

To see how the price of parking in London compares with *other cities, a call to some FT* offices overseas produced the following rough guide. It gives the cost (with approximate sterling equivalent) of parking in areas comparable with London's West End. "A day" is eight hours on a weekday.

Two cities are more expensive than London: New York at £20 ($30) a day and Tokyo £14 (Y3,680). Athens is about the *same as London,* £12 (Dr 2,500) a day, Sydney £10 (A$20).

Motorists in Brussels (BFr 35), Paris (FFr 5), and Hong Kong (HK$6) pay 50p an hour; in Frankfurt (DM 1.20) and Geneva (SFr 1) 35p an hour. In Amsterdam the cost of *a day's parking* is £2.60 (Fl 10), in Rome £2 (L4,500), Johannesburg £1.60 (R4.80) and Mexico City £1.30 (800 pesos).

In Lagos you pay 70p (Naira 1) for a whole day, and in New Delhi as little as 6p (Rs 1) a day. In Lisbon the parking is *mainly free (but chaotic) and* in the centre of Moscow where it costs £35 (35 roubles) a month to rent a garage, *foreigners can park just about* anywhere on the street, free of charge.

Jacqueline Shorey

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• TRAVEL • MOTORING •

Uncommon virtues

ABOUT THE only things the Isuzu Piazza and Nissan Laurel have in common is that they are both Japanese and will appeal mainly to buyers who do not know a lot about motor cars.

The Piazza, if I am right, will be bought mainly for its stunning good looks. The Laurel's owner is likely to be a businessman with a hankering for an American-type car that is comfortable, quiet, full of gadgets and dead reliable.

Giorgetto Giugiaro, stylist-in-waiting to the world's motor industry, exhibited the car that was to become the Piazza as the "Ace of Clubs" at the Geneva show in 1979. It is rumoured that he stood back waiting for Volkswagen to snatch it away as a successor to the Scirocco (also a Giugiaro design) but was disappointed. VW did the original Scirocco's replacement in-house. Co-incidentally—or was it?—the Scirocco II is not entirely dissimilar to the Piazza.

All of which is water under the bridge. Eventually, Isuzu, whose mechanical components Giugiaro had used under the Ace of Clubs' elegant body, decided to buy the design. It went on sale in Japan and in the US, where it is called the Impulse, and reached Britain at the beginning of this month, priced at £11,950.

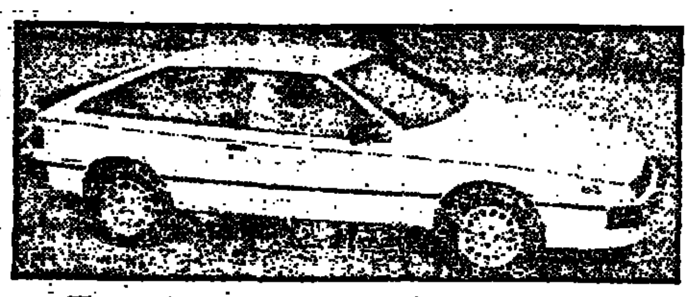
The Piazza's mechanical design also dates from the 1970s. Its two-litre, four-cylinder engine, turbocharged and intercooled to produce 150 bhp at 5,400 rpm, drives the rear wheels. They are not independently suspended but a limited slip differential helps to keep handling tidy. Disc brakes are fitted all round and air conditioning is standard equipment. There is quite good head and leg room up front for a tall driver and pasenger, but not a lot of space behind.

The engine feels a bit rough if taken over 5,000 rpm, which should not be necessary because it develops maximum torque (or, in plain English, pulls hardest) at only 3,000 rpm. Belting a turbocharged engine at high revolutions is a certain way of guzzling fuel.

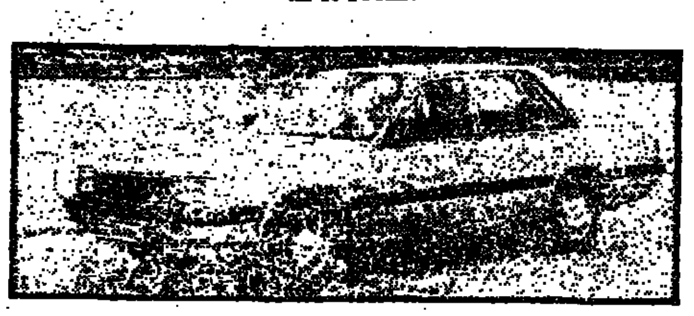
The ride is firm, although not uncomfortably so, and gets better as the speed rises—Isuzu claims a maximum of close to 130 mph. I doubt that many enthusiasts will go for the Piazza because you can get a more modern specification for much the same price from Toyota (the Celica GT) or Nissan (the Silvia). But I think many will find its looks irresistible.

A Nissan Laurel's owner is unlikely to want to peer under the bonnet or be worried by the fact that it lacks independent rear suspension. The styling is like that of an American car trying to look European; the 2.4-litre six-cylinder with fuel injection is lusty though refined; and at motorway cruising speeds the Laurel is extremely comfortable and almost silent.

It is the kind of car a businessman expects to be at his beck and call all year round, effortless to drive and totally reliable. The five-speed manual gearbox of my test car was precise and the clutch agreeably light but I reckon the extra £497 for a four-speed automatic transmission would be money well spent. That would increase the price to £10,897, which still seems fair value for a spacious and well-equipped five-seat saloon with a cavernous boot.



The Isuzu Piazza . . . beautiful, but not as young as it seems



The Nissan Laurel . . . a five-seat saloon for the business motorist

Geneva goes soft

AS MANY readers must have noticed, the pictures of the new Volvo 480 ES and the Toyota Supra were given each other's captions last Saturday. For the record, the Toyota was the handsome black one, the Volvo the equally sleek white one.

Although there was a surprising dearth of really new cars at Geneva—a show used by many makers as a launch pad—some interesting trends could be found. One is that convertibles are back in fashion; another is that mainland European makers no longer see estate cars as down-market products.

The Peugeot 205 convertible, which will be available in Britain in the near future, has a rival. Renault also showed a soft top version of its best-selling family hatchback, the 5. Unlike the Peugeot, the Renault convertible has no roll-over bar. When the hood is folded down, the only thing above the waistline of the car is the windscreen surround. It is a collaborative venture by Renault and a Belgian coachbuilder and goes on sale in the summer.

Alfa Romeo showed an estate car version of the new 75 saloon, aimed at buyers seeking a sporting car with enough space to carry bulky equipment for outdoor pursuits. It will not be available until the end of the year. Pininfarina, the coachbuilder, had similar buyers in mind for an estate based on the large and luxurious Lancia Thema.

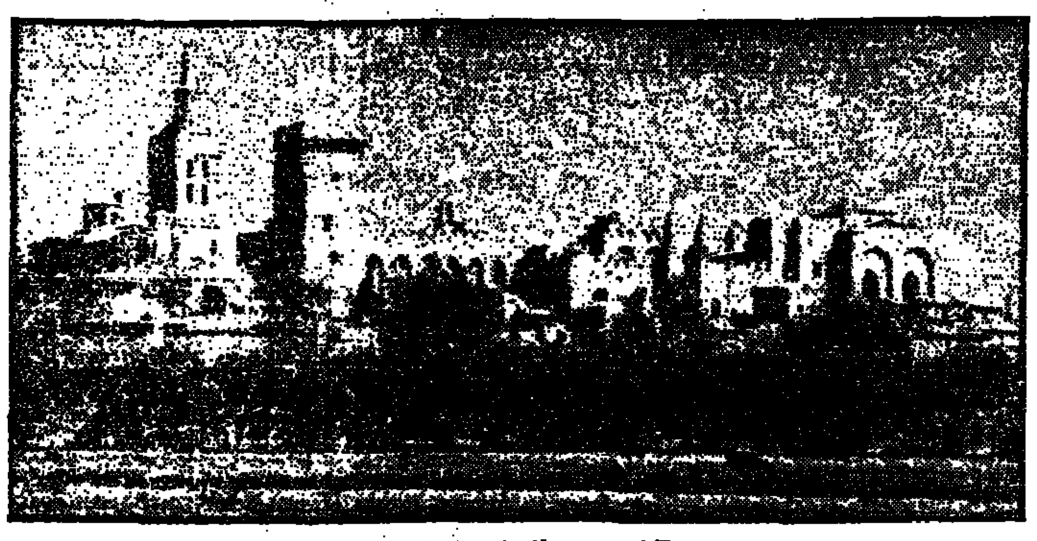
The British market for large estates will hot-up in a few weeks with the introduction of the Mercedes-Benz T-cars, based on the new W124 mid-size saloon, with right-hand drive.

With Geneva out of the way, thoughts turn to the Turin Show late in April. Lancia will then confirm another European trend—the move into permanent four-wheel drive—with a new and sporting coupe.

Stuart Marshall

Roger Beard explores hidden France

Secret face of Provence



Avignon, gateway to the secret Provence

THERE ARE at least three Provences: that of Arles, Aix, Nimes, and Avignon. They cover *the land of the painters* and the Michelin Green Guide, the Coast, with its bare-fleshed legions awash in a sea of Ambre Solaire; and a third—the secret, hidden upland of small towns north of the A7 Provencal *motorway, where the* Espiguiries hills meet the backdrop of the Castellane Pre-Alps.

Its gateway is Sisteron, where you sweep down the Route Napoléon onto the Provencal tableland; high limestone country *criss-crossed* by *minor* D roads and gouged by startlingly deep gorges. Hard, too, with freezing temperatures through the long winter rising to the 90s in the summer—but always thte sun and that pure, clear *light that artists seldom* succeed in capturing. Every pocket of soil between the rocks grows grape or olive, and the slopes have been levelled with dynamite into lavender and wheat fields.

Follow the N86 to Manosque and then there are D roads all the way to the Haut Var and its cluster of towns and villages centred on Aups, just below the great Ste Croix dam and lake, 20 miles across country from Dragignan.

Few of *them* are listed in the guide books—Moissac, Regusse, Montmeyan, Bauduen, Cotignac—yet they share a common charm of tall, shuttered houses in narrow streets, fountains playing in minute squares, *and plane trees planted* wherever there is space to put them, set on hill-tops in the northern Provence farmland.

These are working towns, though, market centres for the wealth of produce that makes Provence seem like the Garden of Eden and our own Garden of England like a council allotment. Twice a week, the market place at Aups reflects the abiding passion of this peaceful province — good food and good eating. Olives, melons, tomatoes, peaches, garlic heads the size of parsnips, fresh chevre cheeses, basil, marjoram and sage spill from the stalls, asking only for the hand of a good cook. The family catering for itself cannot go wrong.

Yet, the area shares one of the most violent histories in France. Take tiny Aups, population under 2,000, where you would not want to raise a fist, let alone a cross-bow. Ostrogoths, Franks, Lombards, Saxon, both sides in the Wars of Religion, brigands, 1848 revolutionaries and both sides in the Second World War have all stamped through it. It was a centre of the Resistance to the Nazis.

Now, the centre of Haut Var is famous for that most peaceful of products—honey, scented with the lavender and herbs of the surrounding marquis.

Out on the D30, running through the olive groves to the hill villages of Moissac, Regusse, *and the Templar stronghold of* Montmeyan, it is the same story of long-ruined castles, timeless farm houses and steepled churches with those southern wrought-iron belfries, simple crosses and even simpler interiors. It is an urban scenery of grey walls and red roof tiles.

It is also the centre for a holiday industry, patronised almost entirely by the French, of self-catering houses and camping, using the villages as its centre and spawning restaurants of high quality and distinctly Provencal cuisine in the main townships. For it is here that the discerning southern French pour out of Lyon and Marseilles for their summer break.

As a *result*, the hotels and rooms available are usually fully booked, as are the camping spaces. For the motorist driving the 800 miles from England, it is essential to reserve a base in advance, although here, as elsewhere in the Midi, hotel rooms are expensive—£20 a night and up.

Eating in northern Provence means oil and garlic, herbs, lamb, some fish, and a cuisine as different from Normandy as theirs is from the English. From between £8 and £16 from the menu, you can turn your holiday into a gastronomic vacation and still have money in the bank.

North, on the Lac de Ste Croix (about the size of Lake Annecy but only formed in the 1970s by dams), there are activities of a less traditional nature — sail boarding, swimming and dinghy sailing for those who want a suntan — plus the one tourist must of the area, the Verdon Gorge. Twenty miles long, and more than 1,000 ft deep, there is a tourist road around it that provides some of the most vertiginous and spectacular driving in Europe.

Finally, a tip for the journey home. Save a day at least, and spend no more money, by using *the autorail* from Avignon to the northern French ports. Not only is it satisfying to roar past the great French traffic jams — particularly during the great *retour* that heralds the end of August — it is almost as cheap as driving.

French National Railways will put you, your car and your two children on a night train, with couchettes, and deposit you refreshed at Dieppe for about £230. But before you wince, *consider the alternative:* two nights on the road at motorway prices for a room of £70; meals a possible further £80; around £50 for fuel through those traffic jams; and £20 on peage tolls — up to £220, unless you settle for egg and chips with the kids.

Arnold Wilson samples Swiss luxury

The five-star way to go skiing

AFTER battling through white-outs, patchy snow and icy blizzards for much of the winter, finding sunshine and good snow is luxury enough. To find it while being pampered in five-star Swiss hotels is almost too much for taste buds and soul to cope with.

The Kulm in St Moritz, which someone unkindly compared to a large pumping station, was the birthplace of two historic concepts; it was the first building in Switzerland to have electric light and it is the home of the world famous Cresta Run.

Countless glass-panelled show cases containing all manner of Cresta cups and trophies line the hotel's vast corridors. "Do people ever get killed doing the Cresta?" I asked, only half seriously. A rapid sidelong glance suggested that, occasionally, people did.

One friend decided hang gliding was less dangerous. For 150 francs, he made his debut at the age of 54. Photographs were taken from a fixed camera on the way down and there was champagne to celebrate his safe landing.

I decided to stick to skiing. There are six or seven skiing areas in St Moritz, all rather spread out. This produces great variety—but awful transport problems. As in Zermatt and Grindelwald, it is far better to ski in one area each day than waste valuable time trying to get from one area to another. There is public transport, but in St Moritz you would be better off with a car.

My favourite area was the immensely beautiful Diavolezza Glacier surrounded by a ring of superb mountains. The Lagalp descent is one of the world's great black runs, usually deeply mogulled and too steep to be pisted. Once committed to skiing it, you have to finish it. We found it deep with fresh snow which made it exhilarating but less demanding.

After three or four descents, however, your legs tell you it is time to pause. You can have lunch at 9,000 ft on the Diavolezza before an awe-inspiring descent down the glacier. In skiing terms its a bit of a slog with a fair amount of walking, some uphill. But the scenery, with crevasses on both sides, is heady and humbling.

Dinner at the Palace Hotel completes an incredible day. Here you can almost drown in an opulent atmoshpere of rich scent, gold jewellery, champagne and caviare.

The Palace in St Moritz is the Kulm's biggest rival. The Kulm is proud of being the oldest: the Palace the most glamorous. Inghams chose the Kulm for their luxury holidays programme which covers 34 resorts in Europe.

The most expensive Swiss hotel is another Palace, at Gstaad, which would set you back £1,082 half board if you drive or £1,160 if you fly. The lift pass is £53.

Cheapest in the Inghams brochure is the Elizabeth in Mayerhofen (a mere three stars) where you can ski for £306 if you drive or £393 by air. The lift pass is £42.

In Arosa, Inghams use the Grand Tschuggen. A more personal style marks the Tschuggen brand of luxury. Smaller than the Kulm, it provides an intimate and discreet service. The manager, Jurg Thommen, who once worked as a clerk in Manchester, is suave and friendly and tries to have a drink with all his customers.

The skiing in Arosa is a little limited, though oddly enough the lift pass, at £47, is a pound more than in St Moritz. There's a superb five-mile run off piste down to the village of St Peter Molinis.

• D I V E R S I O N S •

David Rushby learns mountain safety

Forget snowy linen: David Rushby sleeps in the snow

Survival of the unfittest

WHY DO people want to climb mountains? One accepted answer is—because they are there. Unfortunately, people also tend to fall off mountains or do themselves other injury, especially the inexperienced or ill-prepared. Which is why I found myself at the Lochearn Head Scout Station in Perthshire.

As a youth I had reckoned myself fit through weekends spent climbing, caving, hill-walking and cycling up to 80 miles at a time. But that was more than 20 years earlier; could I still maintain the pace?

It was a challenge, made possible by the Survival Aids group which runs what it calls "winter mountain survival courses" aimed at teaching the basic principles of staying alive when the bottom falls out of the thermometer.

Nine of us took part in the exercise which started, appropriately, on the last (sunny) Sunday of the second coldest February this century. Occupations were as diverse as farmer, trainee manager, entrepreneur and bricklayer.

Our instructors inspired immediate confidence. Pete Moor worked for Outward Bound for several years in Britain and South Africa and next year will attempt a new route on a 26,000 ft mountain in Pakistan; Quentin Rose, his deputy, used to live and travel with Indians and Eskimos in North America and plans next year to canoe single-handed right across Canada from west to east.

Monday, the first day on the hills, should have been a warning; a gentle five-mile walk that took us to around 2,100 ft. Alas, we were overdressed and sweated heavily—something I never managed to correct no matter how much I took off. Still, the view from the top was impressive. On the way down, stumbling through waist-deep snow that tended to collapse without warning, I strained a groin muscle.

The next day there were plans to climb two peaks of more than 3,600 ft. We never made it—the pain from my injury slowed my pace. I knew I was being silly, trying to keep up. But after lunch we did find out about using an ice axe to break a fall.

On Wednesday, I stayed behind at the station.

Thursday morning, we were out abseiling. It is interesting how many people want to emulate the Royal Marines at a military tattoo until they reach the edge of the precipice. Looking down only 30 ft was almost too much for some of us.

With only two days left, we had been promised an introduction to making and using snow holes and igloos as shelters, plus the opportunity to spend a night in the open. This was what we had really come to experience. As it turned out, snow conditions were not good enough for igloos, which meant we had to settle for a hole or snow trench.

At just over 2,000 ft, we started to dig in. A bitter wind blew across the mountain side as the sun set. Dinner of stewed beef and dumplings was a "boil in the bag" concoction.

By 7.00 pm I was cocooned in my down sleeping bag and a bright orange bivvy bag, ready for sleep. Way below us, in the valley, we could see the lights of cars stopping outside a well-lit pub. At least there was some sanity in the world. During the night, the wind drove the temperature down to almost —20 celsius.

To my surprise, I was comfortable and slept until 6.30 am. It had, however, snowed during the night and flurries were blowing around my head when I woke. And although I had taken the precaution of sleeping on my boots, using them as a pillow, they had frozen. Breakfast consisted of three frozen home-made flapjacks, a frozen orange and some icy water from a flask.

Was it worth it? Yes, if only for coming to realise how foolhardy it is to go out in such conditions without knowing what equipment is needed and how to use it. Wanting to climb a mountain because it's there is simply not enough.

● One-week winter mountain survival courses are run every year in either the Lake District or Scotland by Survival Aids, Morland, Cumbria. Tel 09314-444. In 1985-86, the course cost £195.

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Collecting

Stanley's scoop

CHRISTIE'S is to auction the impressive array of decorations and awards conferred a century ago upon an eminent if controversial Victorian, Sir Henry Morton Stanley. The event inevitably recalls that most celebrated of greetings, "Dr Livingstone, I presume?" and with it two of the most remarkable and intrepid explorers of the 19th century.

The nonchalant salutation to the man whom he had travelled so far to find suggests the mythical sang-froid of the upper-class Briton; but neither Stanley nor Livingstone was that. Each, indeed, was a remarkable example of determined self-improvement.

Stanley, born illegitimate in Wales in 1841, was reared in foster-homes and a tough workhouse from which he fled at 15. His luck changed when, having sailed as a cabin boy to New Orleans, he was taken under the wing of a rich merchant. His benefactor gave the boy his name, but died soon after, leaving him alone again.

An instinctive adventurer, Stanley served in turn in the Confederate Army and the US Navy, started in journalism by writing about his war experiences, and reported the Indian Wars of 1867. He was working as a war correspondent for the New York Herald, when its proprietor, James Gordon Bennett, ordered him, in 1869, to go in search of Livingstone.

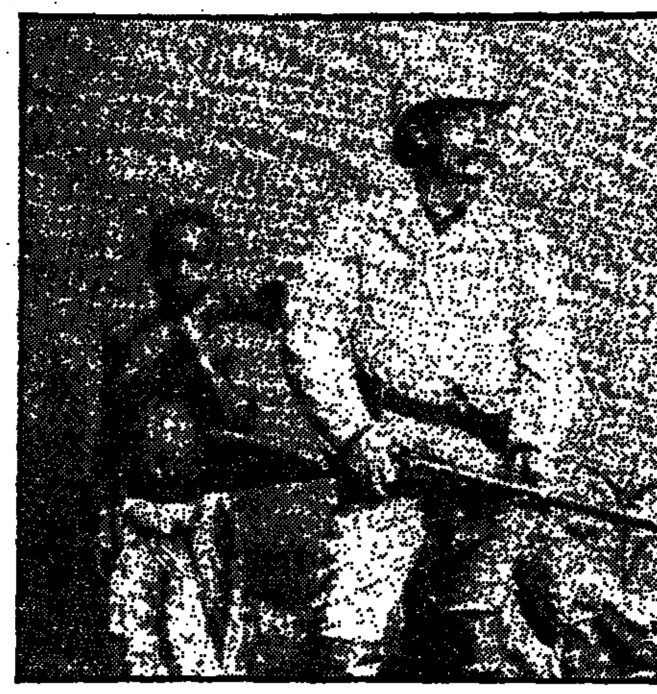
Livingstone, born to a humble Lanarkshire couple in 1813, was put to work in a cotton mill when he was 10. Determined to educate himself, he studied so diligently that at 22 he was able to take college courses in Greek, theology and medicine in Glasgow. Zealous to spread the gospel, he was sent to Africa for the first time by the London Missionary Society in 1841.

He instantly revealed extraordinary skills and courage in exploration, and penetrated deep into unknown country to establish new missions. Though he never lost his missionary urge, it was soon diluted both by the fascination of discovering "the dark interior," and a determination to fight the flourishing slave trade. Disapproving of such distractions, the London Missionary Society severed from him in 1857 when he returned home as a celebrity, famous for his discoveries in West Africa.

Livingstone's most remarkable quality was a true sense of brotherhood with the Africans. Much of his achievement can be accounted to his genuine admiration, love and understanding for them. When fame brought him command of official expeditions under the aegis of the foreign office, he proved less successful as a leader of unruly white men than of his beloved blacks.

He was the only white man on his most famous expedition, to discover the sources of the Nile, the Congo and the Zambesi, which began in 1866. His following, of around 60 Indians, mission boys, freed slaves and local carriers was soon reduced by desertion to 11. Despite sickness, lack of supplies and other hardships, he continued his exploration for the next five years.

Most of the time he was far out of reach of any communication. Britain became anxious enough to organise a somewhat desultory relief operation. It was at this point that the proprietor of the New York Herald ordered Stanley to "Find Livingstone" and thereby invented the concept of the newspaper-sponsored expedition, that was to flourish for the next 70 years.



Explorer and aide: Stanley and bearer

There seemed a certain lack of urgency about the affair: Stanley was commissioned to travel by way of Egypt to cover the opening of the Suez Canal, and then to detour via Jerusalem, Constantinople, the Caucasus, the Crimea, the Euphrates, Baghdad, Persia, and the Caspian Sea to report "whatever is worth seeing." In the end it was a year and two months before he reached Ujiji in November 1871, to utter the celebrated greeting and relieve Livingstone's now desperate plight.

For a while the two great men explored together, until Livingstone set out alone on his final expedition. He died in 1873 in Ilala, mapping and recording to the end. His body was embalmed and brought back to England, where Stanley was a pall-bearer at his funeral in Westminister Abbey.

In England he met a good deal of hostility from Livingstone's sponsors, embarrassed that a foreigner (Stanley had become an American citizen) had succeeded where they had failed. Not for the last time the idea of newspaper sponsorship was regarded as a stunt, and the British Consul in Zanzibar accused Stanley of concealing his intentions in order to secure his "scoop." For his part, Stanley quoted the Consul's indiscreet opinions that Livingstone was "a very difficult man to deal with," that he preferred to be alone and that he would probably rather not be found in any case.

Stanley was to remain a contentious figure. He could be uncouth, rude, intolerant and boastful. Yet he was fearless, earning from the Africans the name of Bula Matari—"Breaker of Rocks." He continued Livingstone's explorations: opened up the Congo on behalf of the Belgians, who gave him the Grand Cross of the Order of Leopold, and hit the headlines again in 1887-9 when he relieved Gordon's old associate Emin Pasha who had been cut off in the Sudan by the Mahdi revolt.

In 1892 Stanley returned permanently to England, resumed British nationality, became Liberal Unionist MP for North Lambeth and was knighted in 1899. He had married a gifted artist, Dorothy Tennant, and, perhaps remembering his own boyhood fortunes, the couple adopted a son. Sir Henry Morton Stanley died in 1904.

The medals and other awards in Christie's sale on Tuesday, March 25 bear witness to the regard which this courageous, difficult man commanded. The emotional Queen was evidently swift to reward merit. The news of Stanley's meeting with Livingstone did not reach Europe until the beginning of August 1872; but the superb gold and diamond-encrusted snuff-box presented by the Queen is inscribed and dated August 17.

The item, the most important in the collection, is expected to realise £20-30,000. Eighteen years later, in commemoration of the relief of Emin Pasha, the Queen presented Stanley with her miniature, mounted with gold and studded with diamonds (estimate £10-12,000). The most evocative item in the sale, however, is not these but a nickel-plated pedometer acquired, to judge from the date of the inscription, for use on the Emin Pasha expedition. The estimate of £150-250 is considerably less than th more glamorous items in the sale.

Janet Marsh

Exhibition

The fabric of the earth

AMONG the lush foliage of the Arts and Crafts Movement Heywood Sumner has been a forgotten flower, undeservedly so. An artist and extraordinarily versatile and successful designer, with a keen sense of line, colour and texture, in middle age he forsook London for "the wild country of Wessex, beautiful and historic." At Cuckoo Hill in Hampshire, in the house he designed (with shades of Voysey and Lutyens), he steeped himself in the country and became an excellent archaeologist.

His publications and meticulous and elegant drawings of early Wessex have kept his name alive to a few. But now the whole man and his prolific early work come to life in Heywood Sumner: Artist and Archaeologist 1853-1940 at the Winchester Gallery, Winchester School of Art (till April 12).

He appears a man of independent mind and with a good spirit of fun, and a perfectionist, which all help explain how it was that a founder-member of the Arts and Crafts Exhibition Society became an excavator who did virtually everything—including moving the soil—himself alone.

He had grown up in Hampshire, and his first book was The Itchen Valley (1881), etchings and text. Many illustrated books followed. His drawings have a strong line, and are tactile. You feel his flowers and leaves, and the wool of his sheep.

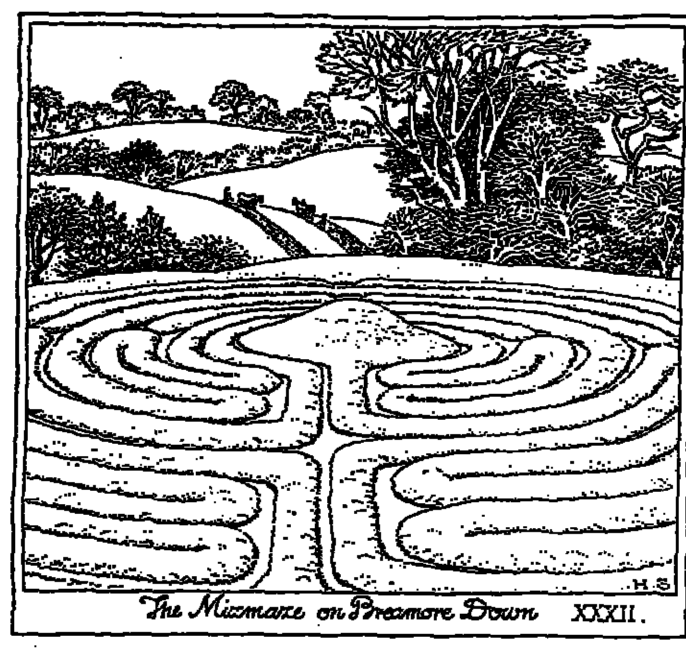
An entertaining series of "improving" posters for the Fitzroy Picture Society, destined for schools, mission-rooms and hospitals, go beyond restrictive notions of illustrative art. Solomon's Judgment, St George and the Dragon, and the Shepherd—the nickname given Sumner by London friends such as C. R. Ashbee and Walter Crane—are moments arrested. The figures are weary, as if they know they have become eternal. Sumner is full of sympathy with them, and yet stands back—notably by drawing a frame around his scenes—so that distance forces perspective and a quiet smile. With Solomon the humour is sharper. The New Testament put-down is on a scroll in the frame over his head, that he was nothing compared to one of the lilies of the field.

The texture, colour and movement stopped of leaves and flowers are all in his designs for stained glass, textiles and wallpapers. Fortunately some of the pear blocks for the papers survive. The textiles were for Alexander Morton and Co, who also used Voysey as a freelance designer.

His sgraffito work was a revival of a complicated Italian tradition in plastering. Different layers of coloured plaster were covered by a final skim, in which the design was then incised to reach the desired colour. It is a rich technique, with relief and polychromy, and most easily seen in the elaborate splendour of All Saints Ennismore Gardens (the Russian Orthodox Cathedral) for which Sumner also designed stained glass and mosaics (1897-1903).

His masterpiece is a tapestry of an archaic hunting scene — mainly mediaeval, but Pan is playing his pipe in a thicket in the corner — set among the beeches and heather of the New Forest. Morris & Co wove it in 1908. Their vegetable dyes make dark but vivid rust and russet leaves, as two hunters and their hounds chase a deer which is leaping away and out to the frame of the tapestry — and freedom. The frame here has a dog at the bottom of a tree, pursuing a cat, which is pursuing a woodpecker.

Sumner settled at Cuckoo Hill in 1904. The change was explained in excerpts from his daybook, published in 1910 with drawings (The Book of Gorley): "I never loved the sea, nor cared for garden-city life . . ."



Historial research for an earthwork artwork: drawn by Heywood Sumner in 1910

His old interest in the rural life grew into a fascination with the ancient landscape. There was plenty to do for someone of his skills and talent. He walked the hills and planned earthworks and found barrows and began to excavate. By himself. It took time. But his reports on the Roman pottery of the New Forest and its kilns are still fundamental and a joy to read, and his plans are a treat—fresh, accurate and full of life.

Two bird's eye view watercolours of hill forts smell of the hills and valleys of Wessex and anticipate Paul Nash. Sumner has set them in painted frames. He seems so aware of himself as the observer, feeling texture and vitality in the turf and the leaves just as earlier he had felt them and made them in what he designed. By his being so utterly subjective, his work became quite objective—and still stands, true and delightful.

The exhibition is an enthusiastic revival of this attractive man. It has been sponsored by Trustus (TVS) and Hampshire County Council, and the research of the organisers (Miss Margot Coatts and Miss Elizabeth Lewis) supported by the British Academy. I hope that later venues (Cheltenham Museum, April 26-June 14; Portsmouth Museum, August 22-October 26) will have room for more of Sumner's watercolours.

Gerald Cadogan

Country notes

In a lamb stew

THE breeders table in the only farming textbook I have ever owned (published in 1930) says a ewe mated on October 1 should lamb on February 27. This year the flock was mated on that day and started giving birth on February 20, lambed steadily until March and have since slowed down considerably. A fair few will be left by the time the next lot—mated on October 8 and due on March 6—begin.

I don't normally take so much notice of the starting dates but this year, after something like 50 years of haphazard lambing, I have become a reformed character and tried to follow my more advanced neighbours by planning a methodical approach. This includes booking the lambing shepherd, who works on a contract basis, and planning to have the ewes indoors at night in bad weather which means that every lamb born has to be attended to immediately it arrives. Otherwise it can become mis-mothered.

I should explain that a ewe gets to know its lamb (or lambs) by licking it dry and it is the devil's own job to get the ewe to accept a stranger. (Very unlike sows, which don't seem to mind how many times their offspring are rearranged to suit the farmer's convenience.)

If you have a number of ewes lambing in the same pen they are apt to use the excuse of imminent birth to take to another ewe's recently dropped twin, lick it themselves and get used to the taste. When they have their own lambs a short time later they treat them as strangers and one is left with an awful problem of getting the family arrangement right.

When lambing any significant number inside, someone always has to be in attendance to mark the ewes and their fresh lambs and pen them away from the flock. If they are lambing in the field the same behaviour can arise but not to the same extent. The advantage of indoor lambing as well is that the lambs are protected during the time they are being licked dry. Once dried they are pretty safe.

The great disadvantage of indoor lambing is that both ewes and lambs are vulnerable to various infections so I usually allow mine to lamb in sheltered fields unless the weather is particularly atrocious. In my young days farmers used to build temporary lambing pens in the fields.

I get a lot of satisfaction from the lambing period and spend quite a bit of time in the field. The ewes are very quiet and allow one to walk around among them without running off as they do the rest of the year. They don't seem to seek shelter when they feel the first of the birthpangs but look for privacy, if only a few yards from their fellows.

They don't look for shelter because they are so well fleeced that they don't need to. But it leads to trouble in bad weather because the lambs are unprotected and very vulnerable to rain and cold winds until they have dried off.

The preliminaries to birth are quite short. The ewe will often show signs of unease, pawing the ground and getting up and down. Some people believe that this pawing is a hangover from when ewes made a nest but I have never seen any of them make anything that could be recognised as a nest.

Actual labour is quite short, usually a few minutes straining and heaving before the lamb emerges at which the ewe jumps up and licks the lamb. If there are any problems, the ewe is caught and birth is assisted. The cause is generally a small mis-presentation soon put right. In extreme cases I get the vet to perform a Caesarian section which is usually successful.

We have an indoor hospital unit where any adoptions are organised and weak lambs cosseted. There we make use of antibiotics and other drugs. This unit obviously saves a great many lives but I have noticed that when we get problems after the lambs have been turned out, those that are most affected are those that have spent some time inside.

With my flock, I hope to rear a lamb and a half to every ewe which has been mated and the calculations work out like this: of every hundred ewes mated, four will turn out to be barren, four will die and two will fail to rear lambs through their bloody-mindedness or stupidity, so I need 166 lambs reared from every 90 surviving—a tally I have never consistently achieved. But so far this year things are going well.

John Cherrington

Gardening

Think modern—buy sweet peas

IT IS GOOD to have Charles Unwins little book, "Sweet Peas, Your Questions Answered," back in print again at a price that everyone can afford (77p including postage from Unwins Seeds Limited, Histon, Cambridge). This well printed, 28 page book was first published in 1967 and, since then, has been revised and reprinted seven times, sure evidence of its popularity. It has everything that readers need to understand sweet peas and grow them well.

We are so accustomed to think of sweet peas as part and parcel of British gardens that it comes as quite a surprise to be reminded how relatively new the wavy-petalled varieties are. When Mr Unwin was born 91 years ago not one of them existed. The plain-petalled but large-flowered sweet peas that preceded them had only been around for about 25 years. Shakespeare never saw a sweet pea for even the small-flowered wild type with purple flowers did not arrive from Italy until 1699, 83 years after his death.

A plant breeder named Henry Eckford began to produce large-flowered sweet peas in the late 19th century and called them Grandifloras but the big break-through, that put the flower into the front rank of popularity, occured in 1900 when even larger-flowered sweet peas, with wavy petals, appeared in the Eckford nursery and in that of W. J. Unwins, Charles Unwin's father. Both these novelties came from the same Grandiflora parent, a pale pink sweet pea named Prima Donna. Eckford called his seedling Countess Spencer and Unwin named his Gladys Unwin. Each pressed ahead breeding this new type and though about equally successful it was the Eckford name that stuck, and these large flowered wavy-petalled varieties are still called Spencer sweet peas.

Between the two world wars sweet pea breeding was at its height and numerous firms were involved. There is nothing like as much breeding in Britain today. Overseas, however, particularly in America, competition has grown in new types which, while retaining the Spencer flowers, differ in height, habit and the number of flowers carried per stem.

We now have Cupid sweet peas as little as four inches high, Sweethearts up to a foot high, Patio and Bijou varieties up to 18 ins high, Knee-Hi varieties up to 30 ins high, Jet Set sweet peas around 3 ft 6 ins as well as the old tall varieties that can reach 7ft or more. Mr Unwin likes the Jet Sets best of the medium height varieties because they make such a fine display in the garden with five to seven flowers, an improvement which come in with yet another development known as Multiflora sweet peas. He also likes the new sweet peas without any tendrils which, since they have no ability to cling and climb, sprawl outwards over the soil.

The Multiflora development gave gardeners sweet peas capable of producing five to seven flowers per stem, instead of three or four. This would seem to be such an obvious advantage that one might expect it to lead to the disappearance of the old race but this is far from being the case. When I ask for an explanation I am told that exhibitors do not like Multifloras since it is impossible to get all the flowers in good condition at the same time whereas with ordinary Spencer sweet peas it is possible to have four perfect flowers per stem and this is what the judges look for. It might seem more sensible to alter the rules and allow for four good flowers plus some half-opened flowers or flower buds as is done with show galdioli. In this I think I have Mr Unwin on my side for he writes enthusiastically about some of the Multifloras, particularly the variety named Galaxy which he regards as a serious challenge to the old Spencer varieties. He says that the Rev T. K. Colledge, a great amateur breeder of sweet peas who wrote the foreward to the Unwin book, succeeded in combining the best qualities of both Spencer and Galaxy varieties and that in time these may become the most popular of all tall sweet peas both for showing and for garden and home decoration.

The usual grumble about modern sweet peas is that they lack scent. I complain less loudly than most because the first thing I notice when I visit a sweet pea show is the lovely perfume that fills the hall. Mr Unwin, who has followed it so closely for many years, is clear that the coming of the Spencer sweet pea brought "a certain average loss of perfume." He also believes that there had already been some loss of scent when Eckford bred for larger flowers and thinks the remedy lies with gardeners, who should refuse to buy sweet peas that lack scent. This seems to me to be putting the cart before the horse. Surely seedsmen must have the courage of their convictions and breed for perfume in the certain knowledge that, if they are successful, they will sell more?

Whatever your fancy now is the time to buy seed and sow it, either directly in the open ground where the plants are to flower or in pots from which the seedlings can be planted out when 3 or 4 ins high.

Arthur Hellyer

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Knowledge culled from seats of learning

Couched in elegant terms

Lucia van der Post

HOW TO SPEND IT

SOFAS have something of the characteristics of a beautiful woman — if the outer wrapping is enticing enough, the inner qualities tend to be overlooked. A dangerous way to make the kind of decision that you will have to live with for years.

The problem is that no matter how beautiful the outside, if the inside is inferior, it will not look so seductive for long. Some stores are taking more trouble to explain to potential customers exactly what goes on underneath the bright chintz covers — others tend to wait until the customer asks for information and then blind them with science.

On the whole, most experts agree, you get what you pay for. The cheaper sofas tend to be padded entirely with foam and although the quality of foam has improved enormously over the years, it still lacks the softness, the plumpness, the air of inviting comfort that proper feather- or feather-and-down-filled cushions provide.

The grand old sofas that our grandparents sat on had a timber or metal frame, a webbing base, the interior springs were hand sewn together and were then covered with hessian, wadding, cotton or horsehair. More wadding was again added, rather like putting together a complicated lasagne, until a ticking lining covered the whole ensemble, leaving it ready for the customer's own fabric.

Today the process would be prohibitively expensive, largely because of the labour involved. The best sofas today have timber frames, some interior springing, feather and down filled cushions with pocketed cambric coverings (the pocketing keeps the filling evenly spread throughout the cushion).

The cheaper the sofa, the more likely it is to be formed largely from the cheaper sorts of foam. These are often good value in the sense that they provide those who can afford nothing better with seating that will see them through a few years until they can afford something of higher quality. The problem with the cheaper foams is that they give a very rigid outline and eventually become hard and brittle and break down.

However, the better foams today are of high quality and almost every sofa I looked at used some as wadding. The real hallmark of the high-quality sofa is that plump, inviting look that only soft feather-filled cushions can give.

Comfort is clearly a personal matter. Don't be afraid to sit in the sofa — for a long time if necessary. Sometimes the sofas that feel softest in the beginning tend to be too lightly padded and can become very uncomfortable after a time.

When choosing the outer fabric remember that the closer the weave, the more likely the fabric is to wear well. Take the shop's advice on which fabrics to choose—the difference in the length of time a good one will keep your sofa looking in prime condition is enormous.

Once you have finally decided you might like to consider protecting the fabric. Many shops (including L. M. Kingcome) offer a Scotch guarding service but you might like to consider Fiber-Seal, a service which is not cheap but really does enable those who fall in love with, say, a cream covering, to stand their ground. Fiber-Seal has to be carried out by a trained consultant who comes to the house and does it *in situ*. The seal creates an anti-stain barrier on soft furnishings by chemically bonding the fibres, without in any way affecting its appearance. For a local Fiber-Seal consultant contact Fiber-Seal at 9-11 York Road, Maidenhead, Berks. Telephone Maidenhead 782987.

If you want to learn about the innards or to look at a big range try to visit one of the Sofa Workshops recently opened by Andrew Cussins at 22-27 High Street, Maidstone, Kent, and at The Great Hall, Mount Pleasant Rd, Tunbridge Wells, Kent—more are planned.

If you have been looking at sofas recently and wondering which to buy you will already know that they have become the sort of purchase you nearly need a mortgage for. If you have not been able to make up your mind, here is a look at some of the best sofas around.

Trevor Humphrie[s]

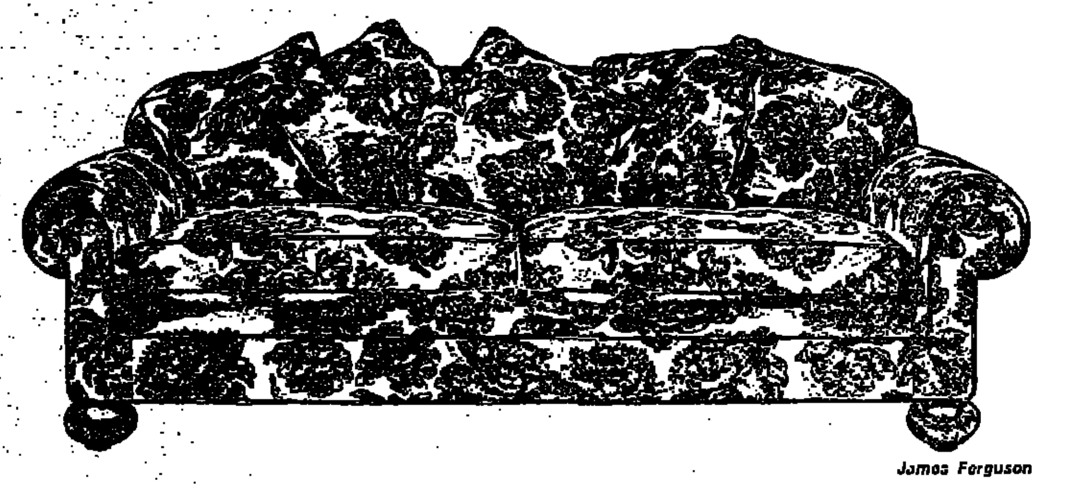
DINAH Casson's new sofa, Eight by Four (above), is just the thing for those with real country houses or for urbanites with rooms big enough to allow them to play at country living. It has the sort of soft and welcoming proportions that one had thought were to be found only in auction roms.

Simon Fussell, who runs The Architectural Trading Company, felt there was a need for a large, capacious sofa that was decorative, spacious and above all comfortable. There was only one other around in the same mood (The Burnham) and Dinah Casson wanted to produce a design that was "slightly less pompous, more comfortable so that you didn't have to sit perched on the side wondering where the back was, but could curl right up into it."

It has a hardwood frame and all the upholstery that you come into contact with is feather filled. "I think that most people feel most affectionate about the sort of sofas that have bottoms dropping out so that a little bit of collapse is acceptable.

All upholstery will in the end flatten out and dip but whereas when Dacron [...] foam flatten out on the t[...] they don't recover, feath[...] can always be plumped [...] again. We worked with [...] very experienced upholster[...] to get the best constructi[...] that we could—we didn't u[...] hand-made springs and hors[...] hair, largely because ma[...] people are allergic to hors[...] hair and the final costs wou[...] have been astronomical. [...] feel this is one which w[...] last and last."

Price £1,950 + VAT. Fro[m] The Architectural Trad[ing] Company, 219-229 Shaftesbu[ry] Avenue, London WC2 8AR



James Ferguson

BRIAN and Lesley Kingcome started making sofas and chairs almost *20* years ago now. They started by realising that although there were plenty of good sofas around most people were faced with either buying them exactly as they were or being forced to look elsewhere. They decided to offer a wide range of basic shapes, sofas, chairs, stools, seating units that they would adapt to suit a customer's exact sizing requirements at very little extra cost.

They have worked out their own check list of points that customers are asked to consider before they buy (things like fillings, which sort of *feet, legs or skirts — it all* begins to sound quite exciting).

On the whole the Kingcomes are at the bespoke end of the sofa business—producing high-quality for private *customers and many interior* decorators—but they do offer a range called the Special Edition. The idea behind Special Edition is that it is made in exactly the same way as the rest of the upholstery but *in* standard sizes to keep the cost down. There are 5 ft and 6 ft 6 in sofas and a standard size chair. To give you an idea of price, a three-seater sofa, 6 ft 6 in wide, would be £745 (plus 18 metres of fabric) while the 5 ft version would be £598 plus 15 metres of fabric).

Shown here (left) is the Blake Sofa, another updated version of the traditional country-house look.

Price 6 ft version, £911 (plus 15 metres of fabric). From L. M. Kingcome, 304 Fulham Road, London SW10.

Glenn Cop[...]

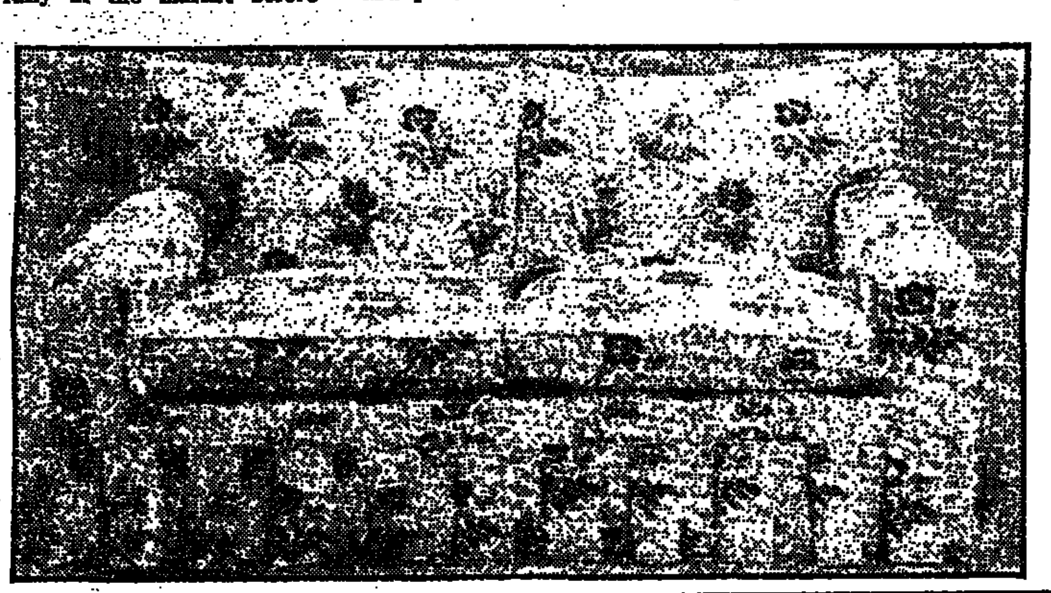
***LAURA ASHLEY offers two* different styles of sofa. One is a large two-seater square-shaped classic design (below) which comes with a loose-cover which has to be in a Laura Ashley fabric. The other is the Carlisle—a softer shape with a rounded back with a more upholstered look to it.**

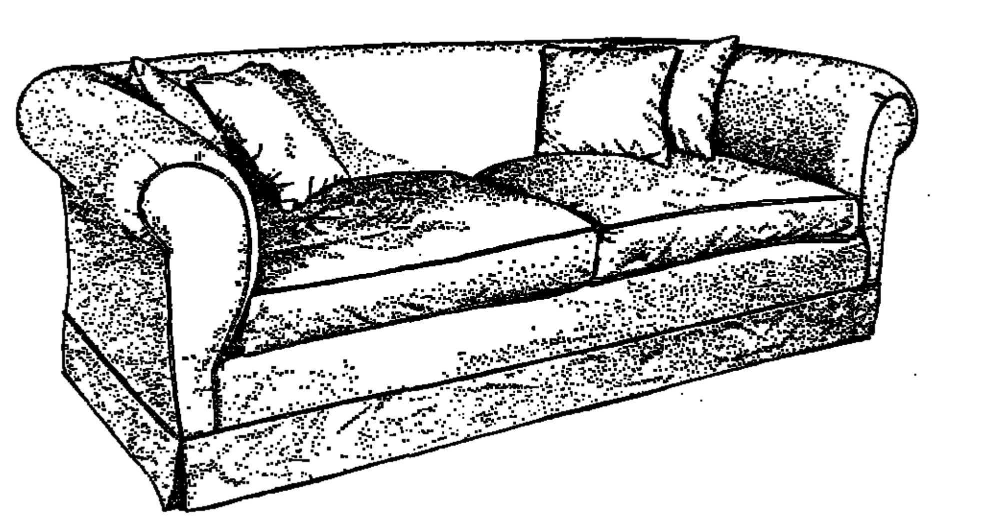
Laura Ashley looked carefully at the market before *deciding on its own designs* and concluded that a simple, classic shape, whose character could be altered easily simply by changing the covers, was what it wanted to do.

It went for high-quality construction with solid timber frames of seasoned birch or beech, an interior consisting of coiled springs, padding and pure-feather cushions.

***Looking at the quality on* offer it seems to be some of the best value around if you like the shapes and are happy to use Laura Ashley fabrics. At 66 ins long, 35 ins deep and 29 ins high, it is a good medium-sized family sofa.**

Price £495-£545, depending upon the fabric chosen. Order from Laura Ashley shops or by mail.





DEVOTEES of the soft, country house look love the Burnham sofa (above). It has the kind of classic lines that fit into almost any environment and the capaciousness that one associates with comtfort and the sort of life style that goes with dogs and children. It has a coiled spring interior, a hardwood frame, some foam is used as internal padding but the seat cushions are feather-filled.

Price £825 (plus 13.75 metres of fabric). From The Conran Shop, 77, Fulham Road, London SW3 and The General Trading Company, 44 Sloane Square, London SW1.

IT IS hard to believe that the sofa pictured above was first designed way back in 1924. It is a classic example of the work of that great English designer, Eileen Gray. Joseph Rykwert, the design critic, seems to me to have got it right when he described her work as "always modest, reasonable, yet so fresh and exquisite as to be always exciting."

***Zeev Aram,* who hs been responsible for re-issuing the work of this previously neglected designer told me when he first started producing it that he liked it because "first, it is beautiful, second, it is simple and finally it is enormously comfortable—I don't think you can ask for more from one piece of furniture."**

Though simple, it is also subtle. The cushions can be placed in many different ways. The boxes at each side are on castors and can be detached from the sofa so that, for instance, by removing one b[...] you can sleep on the so[...] using the other end as a b[...] head.

The back and front of [...] side-boxes are lacquered bla[...] and the top and sides are i[...] contrasting colour which p[...] vides a marvellous count[...] point to the softness of [...] cushions.

The sofa is made with [...] sprung base filled with fo[...] and wadding while [...] cushions are pocketed, do[...] and feather filled. It is 94½ [...] long by 34½ in deep. Fabr[...] are plain in beige, natu[...] grey, Chinese red or, m[...] stunning of all, in the bu[...] orange that Eileen Gray us[...] on her own sofa that was [...] her own flat in the Rue Bo[...] parte in Paris where she li[...] from 1907 until her death.

Price £2950 plus VAT. Fr[...] Aram Designs, 3 Kean Stre[...] Covent Garden, London W[...] 4 AT.

FT Safari

The response to the FT Safari has been tremendously exciting. By first thing on Monday morning all the 16 allotted places had been taken.

Requests to join our 14-day walkabout in Zimbabwe, organised with Abercrombie & Kent and led by Alan Elliott, came by post, by hand (in one case delivered on Saturday afternoon), by telex, by telephone, by taxi, by courier and in person. You all sounded so enthusiastic, and we wish we could take you all. Alas, there are only 16 places, so those of you who sent in cheques straightaway, and were unlucky, will have them *returned to you.*

However, there is every hope that A & K can persuade Alan Elliott to lead another safari later in October. The next 16 on the list will be offered a chance to join this and A & K will keep all who write in posted on other safari possibilities.

LvdP

To draw or not to draw

Wine

FOR THOSE who buy young vintage wines that call for keeping an indefinite number of years, the decision when to draw the corks is often a difficult one. The purchase of such wines will be supported and advised by experienced merchants — and even by some wine writers.

Cash and perhaps accommodation considerations apart, it was not difficult to buy early on such claret vintages as '70, '75, '78, '81, '82 and '83, the red burgundies of '71, '76, '78 and '83, or the German years of '71, '76 and '83. These are by no means the only vintages in their areas likely to have been recommended in the last 15 years to wine "collectors," but they are the most outstanding, and may well have caused problems as to when the wines should be drunk.

For although it is normally advantageous these days to buy fine vintage wines when first offered, it entails some lock-up of cash, maybe for some years, and a "cost-effective" return on capital in the shape of a satisfying bottle is reasonably expected.

Nevertheless no one, however expert, can confidently predict when a particular fine vintage wine will reach its peak years ahead. Notes such as those in wine merchants' lists, stating "1990-1995" are no more than "best-guesses." Who, in 1967 could have plotted the somewhat uneven course of the 1966 clarets, or in 1976 expected the 1975s still now to be so closed-up and backward?

First, there is a vast difference in maturing time and longevity between important estate wines and the more ordinary *petits châteaux*, commune or district wines. For instance, it is already possible to open and enjoy minor 1982 and 1983 clarets, and I have done so myself. The same applies, rather more sparingly to 1983 red burgundies and certainly to minor German 1983s.

Going back to the 1975s, the minor growths should certainly be drunk, as many, weighed down by an excess of tannin, are losing their fruit and drying up. (There are those who wonder whether even the leading classed-growths will "come through".)

There is no real drinking problem about lesser wines of any sort, even if they do bear a vintage label, though we do not necessarily have to follow the French in drinking their generic red wines just about as young as their whites—as *vins de l'année*. Bottle-age even for a year or so, can greatly improve a red wine, as the *cru* beaujolais of a good vintage can show.

On the other hand, here in Britain most fine wines are drunk too young, particularly in restaurants. Few hold any stocks of older wines; and when they do prices are usually exorbitant.

This premature drinking applies even to white wines. Not all the limited number of those who buy young estate Moselles and Rheingaus appreciate how much they can improve with keeping. They lose their "puppy" sweetness, and some of the sharp acidity that preserves them, and later on achieve balance and elegance. Although now 14 years old, the superior, richer 1971 Moselles are still delicious; and if the 1976s should now be opened, they have lasted a respectable period.

The very hot 1983 vintage resulted in some white burgundies lacking acidity and they may be drunk, but others should be kept. The 1982s, made after that very hot summer, are probably not for keeping, though very agreeable now. The *1981s are firmer, and still have* something to yield, and that is certainly true of the 1978s.

Yet most white wines are for early drinking while fresh. A few white Rhônes improve after some years, but not the dry Loires, although I and others recently tasted blind a 1967 Sancerre—a wine eminently for early drinking—that fooled us all. It was still reasonably fresh, not greatly coloured, and from by no means a notable vintage.

I am often surprised how long clarets take "to come round," and even more how long they can last: even not particularly renowned vintages like 1962, 1973 and 1980. On the whole it is the St Emilions and Pomerols, based principally on the soft Merlot grape, that develop first and tend to decline earlier than the Médocs, made chiefly from the Cabernet-Sauvignone.

Of course, the leading wines last the best in an indifferent vintage, because their proprietors can afford to make a very careful selection of the wine to be sold under the château label.

The claret vintages whose corks I would draw now would be any before 1975 save 1970, a rather select number of the 1966s, and, still, for those who nurture a few bottles, a fair proportion of 1961s, though in general not the St Emilions and Pomerols. I would keep the finer 1970s, the backward 1975s, the 1978s and the more recent years.

Contrarywise, even the top red burgundies now seem to develop more rapidly than expected. This is attributed to Pinot Noir clones producing lighter wines and shorter fermentation in the vats. One is not too influenced by the term "*méthode ancienne*," for though it may indicate lower, longer fermentation and comparatively long age in cask before bottling, it could also remind one of the days of "blending in" wines from the sunnier south.

It would be a mistake nov[...] open the 1976 red burgun[...] — still a controversial vin[...] — or the 1978s, but noth[...] older is worth holding solel[...] the hope that the wines [...] improve. Although the 19[...] are light and agreeable, [...] the 1980s generally superio[...] the 1981s, none suggests a [...] extended life.

Nor do the 1982s, from [...] exceptionally large vintage [...] burgundy standards. Obvio[...] the 1983s must be kept to [...] how they develop, and [...] hopes exist for the unbot[...] 1975s.

Until recently Rhône w[...] have scarcely been conside[...] for laying down, but the [...] prices of red burgundies [...] turned attention to them, [...] the best have always deser[...] The real keepers are in [...] northern sector around [...] and Ampuis, but sometimes [...] southern area, notably Chât[...] neuf-du-Pape, has better, n[...] long-lasting vintages than in [...] north.

Edmu[nd] Penning-Row[...]

A fierce brotherhood

LOYALISTS AND LONERS
by Michael Foot. Collins
£15.00, 315 pages

MICHAEL FOOT was a disastrous leader of his party. Labour should have elected Denis Healey. Yet it is doubtful whether he or anyone else could have won the 1983 election. The Conservative majority might have been lower. Ironically, this could have been better for the Conservatives. Michael Foot's failure was to understand—or if he understood, to deal with—the take-over by the left extremists. Until it is reversed Labour has no hope of winning. Neil Kinnock may achieve the reversal but he has not achieved it so far and there is still a long way to go. But if in the end Michael Foot has failed as a politician, he has certainly not failed as a journalist, writer and essayist—one of the most brilliant of our time. Perhaps success in those arts is incompatible with success in politics. "Junius," whoever he was, did not become Prime Minister, nor did Brougham or Macaulay. Disraeli, by whom Michael Foot has always been fascinated, was an exception and so was Churchill—but then they were exceptions to everything.

This is a most lively and enjoyable series of personal portraits divided into four groups: A Labour Party Gallery; Four Prime Ministers; A Miscellany of Cross Breeds; Some True Prophets. There is, it need hardly be said, none of that impartiality, detachment or "balance" which might be expected from some elder statesmen. Gaitskell was a pedant "one who cannot tell the difference between small issues and great ones," the mark of pedantry being "a stunted imagination."

Then there are the essays on the two "Brothers" George (I and II)—Thomas and Brown: "Few can have been prepared for the sustained billious explosion of personal feeling against Jim Callaghan which George Thomas let loose in *Mr Speaker*." And he is equally angry at the betrayal of confidences, as he sees it, made in the book regarding his own time as Leader of the House. Mr Foot has a point here which will be accepted by most MPs. Speakers have a handsome pension. They ought not to write memoirs—anyway of this type. Lord Tonypandy was a great holder of his office while he held it, but one is glad to know that his successor does not mean to follow his example in retirement.

If Mr Foot is scathing on Brother George (I), he is no less acid on Brother George (II) in a review of the latter's autobiography: "Some of his judgements were so topsy-turvy, so much in defiance of the common sense view that the astonishing fact is how long his other qualities enabled him to survive at all." He observes that "George had a touch of persecution mania and never found it easy to forgive someone on whom he had inflicted some injury whether trivial or severe." But he is not too harsh. The "tired and emotional" side of Brother George is not mentioned and he concedes his sincerity over Europe and in his struggle against the Treasury.

But the two figures about whom he writes in a style worthy of his great hero, Jonathan Swift, are Ex-Brother David and Brother Tony, ie, Dr Owen and Mr Wedgwood Benn. On the Doctor he begins in fine form by quoting George Savile, the 17th century Marquis of Halifax, who wrote in his The Character of a Trimmer: "The impudence of a Bawd is Modesty compared with that of a Convert," and, echoing Carson on F E Smith in 1922: "A politician who decides to kick away the ladder which has lifted him to eminence needs nerve and poise."

Mr Foot is devastating on Dr Owen's book *Face the Future*, one chapter of which "reads like Tony Benn on an off-day at a Militant summer school." The book came out at the same time as the launching of the SDP in 1981 but it had of course gone to press long before—Mr Foot says as "a new Bible for Socialists about Socialism." Mr Foot who, unlike most politicians, actually reads books is very funny about the second edition which came out later that year and was discreetly amended to suit changed circumstances, eg the first chapter heading became "Social Democratic Values" instead of "The Values of Socialism"—and so on. He is sceptical about David Owen's "reversionary interest in the future. He *knows* better than anyone else; he keeps that stony, ferocious eye fixed on the main chance."

But the best of the pieces about the Brethren is on Brother Tony. Brother Foot reminds some of us, and informs most of us, of the curious colour changes in this chameleon-like figure who in 1966-70 supported the Common Market and Barbara Castle's *In Place of Strife* — that abortive attempt to cut down Union power, now at last implemented by Margaret Thatcher. Till 1970 he was Anthony Wedgwood Benn. He then gradually became Tony Benn with ever more interesting omissions from Who's Who (the entries in which are written by the subjects). Westminster School and New College vanished in due course. As a tribune of the people he could not publicly proclaim a privileged education though it could easily be discovered by anyone who bothered. Brother Foot made a plea to him to abandon the left-wing caucus meetings held before those of the National Executive in order to give a chance for genuine debate. "He *shook his head as if to deny* that any such effective caucus existed, and when I persisted with the charge he persisted with the denial. So I called him a liar and he got up and left." Brothers? Well . . . Cain and Abel were too.

There are many other enjoyable pieces, though some scrape the barrel and are really too brief and ephemeral to reprint. He gives us a memorable and sympathetic portrait of Enoch Powell. Opposites can have a certain rapport. Both are "loners." And both have moral integrity and a power of oratory that mark them out from the run of politicians. Some people diminish life, others enhance it. *Michael Foot is* a life-enhancer, and his book, though likely to give apoplexy to some, will give pleasure to most.

Robert Blake

Michael Foot: "If he has failed as a politician, he has certainly not failed as a journalist, writer and analyst—one of the most brilliant of our time."

Father, son, spy

A PERFECT SPY
by John Le Carré. Hodder and Stoughton, £9.95. 463 pages

TAKING SIDES: THE FICTION OF JOHN LE CARRÉ
by Tony Barley. Open University Press, £18 hardback, £5.95 paperback. 175 pages.

THE NEW Le Carré is not a book to miss. It swept me along for two days and has been hanging over me for the past week. It is compulsive and *sometimes moving*. It stands head and shoulders above the ranks of other spy thrillers: as usual, Le Carré is in a different class. Anyone can join in, because *it presupposes none of* the earlier books. It is not written with an eye on its eventual screening. I suppose this human story of many layers and angles could somehow be televised, but it would have to be narrowed and altered. I never found myself assuming that Alec Guinness was speaking any part of it.

What, though, is new about a new Le Carré novel? That question is unavoidable, as Tony Barley's critical study of the author also remarks. This time, we have the making of a spy, from childhood to defections, when Magnus Pym, a British agent, finally goes over to the other side. Betrayal is a theme on which Le Carré always prospers and although *this* story begins at an earlier point, it takes familiar turns: an ageing Service Chief who commands our sympathy, American Intelligence against a British bungle, the hollowness of public politics, public schools and the post-war upper middle class. There is a brilliant day out from school, enacted between the "perfect spy's" young son and visiting "Uncle" Jack, the head of the Section who has wrongly trusted the boy's father. The "perfect wife" is one of those *loyal* Service "squaws," half-deceived herself but not quite aware of the scale of her husband's duplicity. Some superb scenes of interrogation drag the truth from participants, paining us, too, as they proceed. These encounters are the settings in which Le Carré's style and art are at their most powerful. They have a bleakness and suspense which match similar talents in Dostoyevsky.

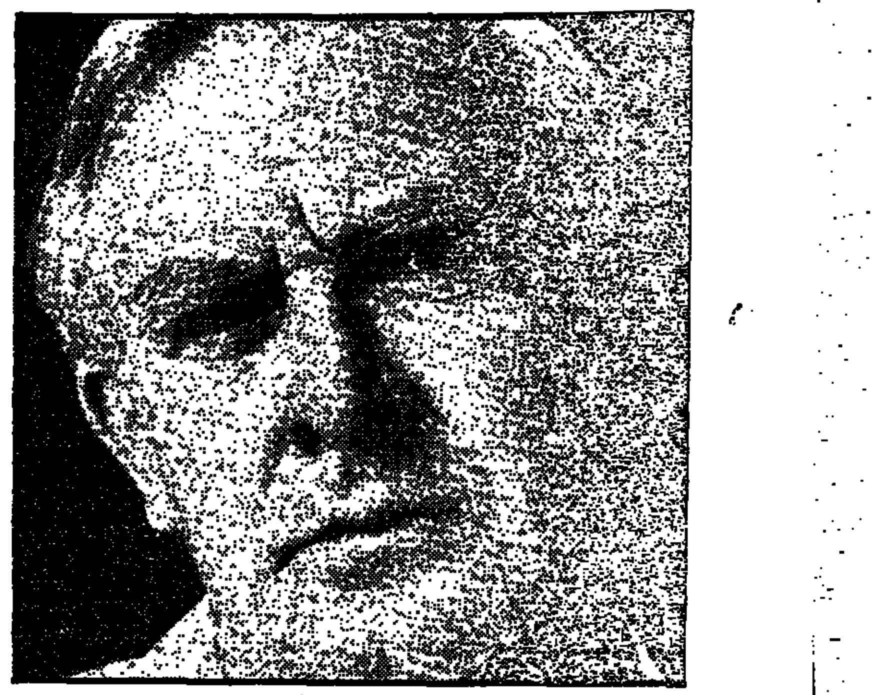
Every Le Carré fan has been here before, Tony Barley's interesting study will remind them. While trying to maintain that Le Carré does not take sides (surely he is profoundly anti-Russian?), he emphasises how Le Carré's repetition of particular themes and their social landscape has given a curious insistence to his art. The "perfect spy" is no exception. It develops fully the relation between a father and his son and its relevance to the son's subsequent life among deceit. In Tinker, Tailor, Soldier, Spy we had the double agent, Haydon, and the hint of his "loveless childhood": perhaps, some of the characters think, such a childhood turned Smiley, too, to the Secret Service. Now, we see the detail. Magnus is the son of a persuasive rogue, Rick Pym, who prospers, significantly, on the black markets and restrictions of post-war Britain. He lives out a hundred fantasies, mirrored in the plausible names *of his endless bankrupt com*panies. His make-believe and criminal fiction are brought out in one style, rich, rhetorical and itself an elaboration of fantasy. His self-deception and his consequent attitude to his son shade into something else, both sadder and more potent. Tony Barley thinks Le Carré is a first-rate writer about children. I do not agree. *I think* he is a writer who is at home with the adult's idea of a boy and the boyishness persisting in an adult.

Of course, the book also has plot, a mass of detail and a way of writing about Intelligence work which lulls you into assuming its total accuracy. The reality, I assume, is often bleak in other ways.

Is Le Carré, then, a great novelist. Unquestionably, he is the best writer of spy thrillers, and those who complain that his thrillers are too literary for their subject are tying themselves in knots. Tony Barley admires him and quotes from him very shrewdly, but ends by comparing him favourably with Graham Greene. Here, I would differ. Le Carré lacks Greene's concision, range and final degree of human insight. So far from "taking sides," he has clear, firm views which have helped to map out his own distinctive territory and return to it insistently without loss. That ground is the interview, the exact detail of Service practice, the older generation, betrayal: of these themes, I find him ever so slightly hollow and at times, a bit gauche. The Perfect Spy has signs of these qualities, too. It has rather more characters than it can follow up: perhaps it is a victim of its double plot, combining our discovery of the layers of Pym's past with the British and American Services' search to capture his duplicity. It shows us Pym in the first person; *shifting, varying but* always seen from the inside out. It does not show him from the outside, helping us to see how others accepted him.

I could not put this book down, because it draws yet again on the tradecraft of a master agent, working in his haunting, narrow, territory. To distinguish the result from Greene is in no way to deny its claim to be read.

Robin Lane Fox



John Le Carré: a master agent working in his haunting, narrow territory

Fiction

Past and future, tense

THE AFTERNOON SUN
by David Pryce-Jones. Weidenfeld and Nicolson, £8.95. 214 pages

THE HANDMAID'S TALE
by Margaret Atwood. Cape, £9.95. 324 pages

FIGURES OF ENCHANTMENT
by Zulfikar Ghose. Hutchinson, £10.95. 256 pages

FACTS HAVE beaten fiction, over the past half-century. The unimaginable that actually happened outdid the most lurid fantasies; they cannot stand in the glare of furnace or fireball. So fiction tends to look obliquely at the facts, to tread lightly across the live coals of memory. The Holocaust is the centre of everything in David *Pryce-Jones's The Afternoon* Sun—the distant past leads up to it, the recent past slopes down from it, the ironies of ambition and fate are seen in retrospect in its shadow. But its final horrors are unrecorded: the last sight of the hero is on the transport, the final journey.

Family history has a logic and circularity very satisfying in a novel. The great tragedies are nearly all family tales. Their past is kept green by ancestral memories, and later events pro*vide a balance, counterpoise*, nemesis. The Ellingham family in The Afternoon Sun is almost unbelievably rich and, though it suffers grossly for its Jewishness, possibly not even Jewish at all. Only a note pinned to a baby's jacket sets it within the Jewish world. Gustav the foundling prospers and climbs to great industrial wealth. Daughter, grandson, great-grandson live in Vienna and on a great Hungarian estate, and finally in a mild Home Counties English village; while across the *centre of all that happens* lies the great scar of the mid-century, the brand-mark.

Well after the war and his parents' death, the great-grand*son, Julius, gathers up the* pieces: from letters, reports, the records and memories of survivors, news official and unofficial; setting in a moral context each person, each action. The artefacts of the old life, preserved in a pickle of family piety, are there to keep some of the *old* atmosphere.

The local anglicised Viennese (who all attend the village church) are there to play cards and reminisce with. "Nothing lasts like courage. Nothing lasts except courage." Julius decides on the last page, as his last line. This is a satisfying, complex, well-constructed novel based on, while keeping at a distance, huge events.

From past to future: The Handmaid's Tale is futurology, of which we have had plenty. From Wells, Aldous Huxley and Orwell, through dozens of explorers of post-nuclear disaster, we have looked ahead in dread and terror (and a certain jubilant hand-rubbing, one has to admit). Margaret Atwood, Canadian poet and novelist, had a powerful imagination to give her future a compelling poetic point.

Each Handmaid belongs to a privileged couple, when the wife is unable to bear children. She loses her name and is *known as Offred or Ofglen*, Ofwarren or Ofcharles, the object owned by Fred or Glen, Warren or Charles.

As in all such fantasies, life is full or terror, spying, treachery, dilemmas, the impossibility of knowing whom to trust or what to do. Handmaids are in some ways privileged, and one who actually achieves pregnancy is envied and admired.

Much is said between the lines, about feminism and femaleness, the role and requirements of the sexes, our way of life today as well as theirs out there in the future; and since the writing is strong, it all has a fierce, keen logic. A final chapter set in the year 2195, at a convention of historians who have found Offred's tapes, examines her evidence and tries, with cheerful academic lack of passion, to work out what happened to her and if those she mentions can be traced. The language of academics is used to creepily comic effect. Are there any questions? it ends. Well, are *there? Seldom* does a novel arouse as many.

Zulfikar Ghose's Figures of Enchantment is also an attempt to create a pattern out of a mad or sick society. *Somewhere in Latin America the life of a poor* clerk seems hopeless.

As hard as he works, saves and schemes, Gamboa is bound to be exploited. The passion of his life is his daughter Mariana, who must be helped above the level of her illiterate mother and the slum they live in. But Mariana has not surprisingly found a slum-lover and it is he who *escapes to the high life of* physical comfort and smart hotels, through prostitution. Her father, meantime, has been lost to the family; like Margaret Atwood's colonists, he becomes a non-person.

The title of this black tale, surely ironic, suggests magic and its possibilities. But the story, though it ends in a sort of triumph for the *hero* and the discomfiture of his enemies, brings no such comfort. Ghose is at his best in conjuring atmospheres rather than making social points: his descriptions of lush vegetation, stingrays on the beach, the movement of almost mythological creatures, a whole tropical scene in which weather, clouds and sea pre*dominate, are the best thing* about this uneven, patchily talented novel.

Isabel Quigly

Margaret Atwood: a vision of feminism and femaleness in the future

Prejudice reinforced

THE ROAD TO ZIMBABWE: 1890-1980
by Anthony Verrier.
Jonathan Cape £16.00
364 pages

THE MASSIVE and mysterious ruins from which Zimbabwe derives its name gives it a somewhat spurious aura of antiquity. But fully to understand the influences which fashioned the events which led up to the emergence of this newest of Commonwealth countries, it is essential to go back in the his*tory of Southern Africa a long* time before the day on which Selous led the Pioneer column into Matabeleland, where Anthony Verrier starts his book, The Road to Zimbabwe.

The author, however, makes it clear that he is only concerned with the years 1890-1980 and particularly the period between 1965 and Mr Mugabe's victory at *the election of* February, 1980, of which he gives a detailed and interesting account. Although we are told that the author has had access to the Welensky Papers (now published in South Africa) "and comparable sources," he is handicapped by the fact that he has not been able to study the official documents relating to the most *significant* years of British policy towards Southern Africa, which will be embargoed for another decade.

But Mr Verrier would not perhaps feel that this is much of a disadvantage since the purpose of his book is apparently to prove to the reader that the actions of all British Governments — Conservative, Liberal and Labour — in relation to the interests of the African in Rhodesia/Zimbabwe were cynical, discriminatory and racialist.

Throughout, the *author's* main theme is the expropriation of land from the African by the white settlers under the Chartered Company, the injustice of the Land Apportionment Acts of the South Rhodesian Governments of the 1950s and earlier, and the failure, so far, of the Mugabe government to expropriate the European-*owned farms and the return of* the land to the African. This he attributes to an alleged threat that the British Government would divert economic aid for African development to compensate the white farmers, who would thus be dispossessed. He ends on a sad and disillusioned note "The objective of genuine independence has still not been attained. The landless of 1980 are landless still.

His other theme is the dominating role of the South African Republic in the politics and development of all the post-imperial states of Southern Africa. He alleges that successive British Governments invariably and willingly tailored their *policies to conciliate the* racialist prejudices of South Africa. And that behind all this were the malign influences of the great industrial companies — Anglo-American, De Beers and the British, American and Belgian mining interests.

No one who knows anything about Southern Africa in *general and Rhodesia/Zimbabwe* in particular, denies that a land policy which gave about 50 per cent (of the best land) to 250,000 whites and 50 per cent (of the worst land) to 7,000,000 blacks was grossly inequitable. No one denies that the great mining interests, whose production had and has an important role in the economic and defence capability of the Western World, influenced the policies of successive Governments on both sides of the Atlantic. No one who has a realistic knowledge of the character and ruthlessness of successive Nationalist Governments in Pretoria should have any doubt about their continuing determination to exert influence wherever it seems necessary in the interests of white South African security.

In so far as Mr Verrier's book emphasises these points it is a legitimate and even useful contribution to the study of modern Southern African history. What is not legitimate however is his assumption that politicians with *white skins, whether in Great* Britain or in Rhodesia/Zimbabwe, were almost invariably anti-black or as he would put it "anti-native." No British politician — Attlee, Macmillan, Griffiths, Gordon-Walker, Carrington, Wilson, Soames — escapes his innuendos.

What seems to have escaped Mr Verrier is the fact that those who supported Federation believed that the establishment of an economically and politically viable State north of the Limpopo, on a multi-racial basis, *strong enough to stand up to the* aggressive pressures from the South, might prove to the whites in South Africa that multi-racialism offered a solution to their problems. It was, so we thought, a British solution in total contrast to the inhumanity and impracticalities of apartheid.

Now that the end of the road from Rhodesia to Zimbabwe has been reached, there is a good deal of evidence to support the view that multi-racialism is a practical policy. Those who had confidence in the African are supported by the generosity and good faith of Mr Mugabe's Government. Those who believed that the Whites were an essential element in an independent Zimbabwe have only to go there to see the proof with their own eyes. Whatever the future may be, Zimbabwe represents today as near a success for the multi-racial ideal as "the art of the possible" could achieve.

Those readers who wish their prejudices to be reinforced will enjoy this book. Those who prefer to study an objective and authoritative account of the policies of British Governments in relation to Southern Africa between 1945 and 1980, and to evaluate the motive of all those who played a part in the events of that period will, however, have to wait for another decade and perhaps more.

C. J. M. Alport

Lord Alport was British High Commissioner in the Federation of Rhodesia and Nyasaland, 1961-63.

Court correspondence

IMPERIAL MOTHER, ROYAL DAUGHTER.
The Correspondence of Marie Antoinette and Maria Theresa.
by Olivier Berner. Sidgwick and Jackson, £12.95. 326 pages

IN APRIL 1770, the 15-year-old *Marie Antoinette* was sent over as bride to the French Dauphin, who was not much older. Since his grandfather, Louis XV, was already 60, it was obvious that *she must* be prepared to be queen fairly soon. No one was more aware of the need for appropriate preparation than her mother, the Empress Maria *Theresa of Austria. This remark*able woman, not unlike Queen Victoria 100 years later, had 11 children and saw three of her daughters become queens. She *combined the loving attentions* of a dominating mother with a deep conviction that Austria's interests should always come first.

In 1770, Marie Theresa began a series of letters to her daughter that continued until her death 10 years later. Being a realist, she placed a spy at Versailles: the Austrian Ambassador, Florimond, Conte de Mercy-Argenteau, who made regular reports on Madame la Dauphine's behaviour. This strategem was never suspected by Marie Antoinette, who must have thought her mother astonishingly all-knowing. The correspondence is, therefore, three-sided, with background notes from the editor and a couple of letters from Marie Antoinette's brother, King Leopold II.

It was Leopold who finally, in a man to man conversation, solved the mystery of Louis' sexual maladjustment. This sexual theme, important as it *was in the matter* of producing a royal heir, preoccupied Maria Theresa during the seven years in which the marriage remained only partially consummated. Her advice was practical: sleep in the same bed as the king (which he became in 1774) and avoid court intrigues and excessive exercise.

Maria Theresa's admonitions neither solved the king's problem, nor improved the queen's foolish and frivolous nature. Circumcision happily ended the one and the hatred of the French people cut short the other — less happily. Extraordinarily, the empress predicted her daughter's downfall more than once: "Your happiness can vanish all too fast, and you may be plunged, by your own doing, into the greatest calamities. That is the result of your dissipation . . ."

In an afterword, Mr Olivier defends the queen by pointing to her enlightened patronage of art and her personal charm, which survived even to her tragic end. But he does not emphasise — perhaps taking his cue from the bracing Maria Theresa — the public and private humiliation that this foreign girl had to suffer for so long from her husband's sexual insufficiency. Despite court rumours and her "dissipation," Marie Antoinette took neither female nor male lover but waited dutifully for her king. One feels, under the circumstances, that an 18th century Freud *might have made* the best case for her defence.

Rachel Billington

CRIME

UNDER A MONSOON CLOUD
by H. R. F. Keating Hutchinson.
£8.95 221 pages

IN INDIA, evidently, *the* weather can almost make a man commit murder. Or, at least, it can explain and even justify, some abnormal behaviour. Cer*tainly, it is not normal* for the pensive, non-violent Inspector Ghote to become involved in a crime; still less, for him to cover it up. Keating's latest contribution to the Ghote saga is not really a detective story; it is the fascinating account of a moral struggle; and the fact that it involves a man as upright and beloved as Ghote makes the conflict all the more dramatic. The author's compelling descriptions of the monsoon season make you reach for your umbrella. And the subtly askew English language spoken by most of the characters is a source of continuous, but never distracting amusement. Keating's many fans will be happy to learn that Constable have just reprinted Inspector Ghote's Good Crusade, a delightful, vintage (1966) Ghote adventure.

William Weaver

هكذا جاء بالأصل

ARTS

Antony Thorncroft visits a rich eccentric's Sussex retreat

Magic should stay magical

EDWARD JAMES was a great British eccentric. The fact that he had American blood in his veins (mingled, it is confidently asserted, with that of King Edward VII), and spent most of his life abroad does not shatter this image. He was a Bright Young Thing, the leading light at those outrageous parties that his friend, Evelyn Waugh, featured so vividly in his novels.

One of James's eccentricities was that he was a patron of the arts. He spent the millions he inherited (aged five, from his father) on a lifestyle encrusted with art and, most amazingly, contemporary art. He was an especial friend of the Surrealists; and Dali and Magritte were guests at his English homes. He supported Poulenc and Balanchine; Brecht and Weill; John Betjeman and Paul Nash.

James, who died in 1984, was a mercurial character. After his disastrous marriage to dancer Tilly Losch, he discouraged intimacies. He would turn up at his homes—the flat in Wimpole Street, London; the big country house at West Dean, Sussex, and the cottage retreat five miles distant at Monkton, built by Lutyens for his father but remodelled (by Christopher Nicholson and Hugh Casson) in 1936—order some novel and bizarre picture, item of furniture or extension, and then disappear abroad. As a result, his picturesque flights of the imagination remained in place, a solid witness to his eccentricity.

The Edward James Foundation, which converted West Dean into a residential training school for young craftsmen in furniture, ceramics, musical instruments, tapestry and more, has turned out to be a most fitting memorial—the money of a great patron being fruitfully used to ensure the preservation of beautiful things.

However, despite assets of around £20m, the foundation needs to raise money to ensure its future and expand its activities. So, as the heir to the remnants of James's UK fortune, it has organised a sale.

On June 2-5, in a marquee alongside West Dean, Christie's is holding an auction of much of the surplus furniture that crammed the house and, all told, £3m could be raised. Many of the best items are being retained—it is pointless running a centre to teach the skills of restoring fine furniture if the house is denuded of its natural contents — but pieces bought by James's parents when they came to the house in 1891 will be sold.

No one can object to this. What has caused the biggest row in the heritage world for some time is the decision of the trustees to sell off Monkton and its contents. When James had it remodelled, Monkton became the depository of all his passing caprices. It has, quite blatantly, the most remarkable interior of any house in England.

The outside is hardly dull. The first glimpse through the trees is of a pink chimney with a green stripe, a genuine gingerbread house. The exterior is embellished with a peacock house (now occupied by pigeons), fibre glass palm trees to enhance the Mediterranean feel of the courtyard, and a clock on the chimney stack that announced the day of the week.

The inside is a fantasy world, however. The more obvious items—the sofas designed by Dali to resemble the bright red lips of Mae West; the lamp, also by Dali, shaped like a mountain of champagne glasses; the bed inspired by Nelson's funeral hearse—have a rather garish grandeur, a pretension to shock. But the overwhelming profusion of 1930s style—part Vogue Regency, part surrealist, part a unique vision—make Monkton an historian's dream.

For little of the design of the 1930s remains elsewhere. The war, and modernism, have wiped away the work of all those interior designers like Sybil Colefax and, later, Syrie Maugham. Monkton is not the 1930s in aspic because James's fertile imagination was constantly adding to it—and selling off the best pictures (notably, Picasso's "Femme assise au chapeau," for $4.3m, in New York in 1984). At his death, he was raising the roof to build a "jungle" bathroom, reached by a lift. Monkton represents 50 years of a rich child's exotic imagination.

The overall effect is magical and rather creepy. There are the pawprints of his dogs designed into the curved stair carpet, which ape the footsteps of Tilly Losch on a similar staircase in West Dean; there is the use of mirrors to create space in what is really a tiny house, culminating in a surrealist painting of nudes by Delvaux in the corridor upstairs; there are the blue serge walls in his study to match a favourite suit; and the standard lamp made out of a stuffed snake.

Perhaps the most sensational rooms in the house are the bathrooms. James used them all as the mood took him. The most famous has peach coloured alabaster with a jade dome. The shaving mirror is the shape of the world, and on either side the sun and the moon shine through the alabaster.

Monkton is being offered for sale at £850,000 for the house and 60 acres of woodland. The price is high for the house is not in a particularly good condition. English Heritage wants to acquire it and is backing an appeal by the Thirties Society and Save to keep it for the nation. They have until April 30 to make an offer and the trustees will give them the first option. They will also want the main contents, which carry a price tag of around £250,000. Then, there is the cost of maintaining the house.

The odd pop star in tax exile might find it an attractive folly; an American in love with the 1930s might fall for it; and it borders the estate of Simon Sainsbury, a West Dean trustee and a man of artistic leanings. But there is a great danger that a new owner would sell off the contents (the V&A is believed to be angling for the main bathroom) and convert Monkton into a secret hideaway. It demands to stay exactly as it is.

There are difficulties in taking it into public custody. Access is very tricky and a car park would have to be created, destroying many trees. Only small parties of visitors could have access at any one time; many of the best features, such as the snooker baize cloth used as a carpet, could not stand the wear of tourists.

Monkton would prove a costly addition to English Heritage's empire, but a most brilliant one. The trustees should extend the deadline on the sale. If they need money quickly, there are pictures that could go from West Dean itself, or some of the land might be sold.

In any case, the sale by Christie's is likely far to exceed its forecast, bringing in enough extra cash to compensate for any delay on Monkton. With such an excellent provenance, the Louis XV black lacquer commode by van Risenburgh should double its £50,000 estimate, as should the Louis XIV gilded sedan chair. The most interesting item in the auction, a 17th century German doll's house — the earliest known to have survived — is worth at least £100,000.

Let the auction go ahead, minus the Monkton pieces, and let the public purse have time to buy Monkton. West Dean can afford to wait for its money.

"A rich child's exotic imagination"

Theatre

The Vandeville Theatre bar, Strand, London

Place matters to the play

"I CAN think of nothing more incongruous than watching *The Weavers* from a box seat," said George Nathan. The remark came to mind the other day in the National's Lyttelton auditorium where Neil Simon's *Brighton Beach Memoirs* seemed to shrivel on the stage. This was not a case of social incongruity between playhouse and play, but one more to do with scale and atmosphere, theatre design and audience contact.

Our opinion of plays is inevitably moulded by the conditions under which we see them. This is as it should be. The theatre is a public and communal art whether the backdrop is Epidauros, one of Matcham's Victorian masterpieces such as the Richmond Theatre in Surrey (one of my favourites), or the restored Cheltenham Everyman (noted here last week by B. A. Young), or the Bush on Shepherd's Bush Green where a condition of participation is the acute pleasure or discomfort, dependent on your mood, of having the knees of others dig into the small of your back while your feet are cramped amid mounds of alien rump.

The critical act does not often openly acknowledge these pleasures and pressures, but is undoubtedly fuelled by them. Not least among the factors contributing to the success of *When We Are Married* at the Whitehall is the renovation of a 1930 house previously notorious among players for its difficulties. Somehow new colours, new paint, new stalls and improved decorations have done the trick. The place has an atmosphere where once there was none.

Lend Me a Tenor at Sprague's Globe is enhanced by pondering in the interval that dramatic flyaway foyer which soars, unconfined by a ground-floor ceiling, into the circle saloon and bar. A third West End success, the biggest of the year so far, is *Blithe Spirit* at the Vaudeville, a theatre whose frontage, foyer and circle bar with several good windows onto the Strand are the latest improvements under new ownership (Michael Codron's) in a history, since 1870, of almost as many alterations and re-buildings as at Drury Lane.

Dame Peggy Ashcroft once told me that theatres either have an atmosphere or they don't. The Old Vic does, the Lyttelton does not. The RSC's The Other Place in Stratford does, the RSC's Pit in the Barbican doesn't. Size is not necessarily the deciding element; actors love the intimacy of the Ambassadors in the West End, but I understand they feel equally at ease and at home on the Drury Lane stage.

This week the critical beat has exposed me to five attractive and greatly contrasting styles in theatre architecture: the Tricycle in the Kilburn High Road, a perfect example of the galleried courtyard based on the Shakespearian Fortune (an improvement, I often feel on the National's Cottesloe black box version which preceded it by a couple of years in the mid 1970s); the tiny Hampstead (playing host to mighty Finney) which prospers from a sense of both intimacy and occasion, an end stage and raked auditorium dating from the early 1960s, purpose-built for classy fringe stuff; Sprague's superb 1899 Wyndham's (*Cafe Puccini*), now seating less than 800 but still a perfect example of Francophilia — Boucher ceilings, Louis Quatorze boudoirs — melting into controlled Victorian scale and proportions; the National's Olivier auditorium (*The Threepenny Opera*), an exciting conclusion to the thrust stage experiments with a nod towards Epidaurus but one susceptible to misguided stage design whims and still variable acoustics; and the scruffy 1964 Liverpool Everyman where Willy Russell's new play *Shirley Valentine* has just opened in the usual friendly and congenial circumstances.

Each of these venues has its own character and therefore its product is unlikely to survive a transplant to one of the others. The RSC has recently learnt this to its cost with the ill-advised transfers of *Waste* from the Pit to the Lyric and *Camille* from the Other Place to the Comedy. The produ[ctions] were ill-suited to ne[w] proscenium environments an[d] consequently, without an[y] major presentational re-thin[k] flopped.

Again, joyous Stratford-upo[n] Avon productions such as Adria[n] Noble's *The Comedy of Erro[rs]* or Bill Alexander's *Merry Wiv[es]* can strike a Barbican audienc[e] or some members of it, [as] galumphing and over-straine[d]. Allowing for the vagaries of subjective opinion among cri[tics] and audiences, productio[ns] change, develop and deteriora[te] from night to night and mo[st] certainly from theatre [to] theatre.

For years it seemed th[at] every RSC Stratford producti[on] was improved beyond recog[ni]tion on arrival at the Aldwy[ch] (the Trevor Nunn/Ian McKell[en] *Romeo and Juliet* is my mo[st] spectacular instance) even [when] nothing much of a design [or] acting overhaul was appare[nt]; the Aldwych was, and is, a mo[re] congenial and appropriate pla[ce] for seeing and watching pla[ys] than was the Royal Shak[e]speare Theatre by the Avon.

I like the new RSC Lond[on] base once you penetrate t[he] Barbican auditorium. But ev[en] there the scale-relationsh[ip] between player and audience [is] not right, often, and one [is] invaded with that ghastly sen[sa]tion of watching someth[ing] down the wrong end of [a] telescope.

The theatre world and [its] customers have undoubted[ly] reacted against the legacy [of] 1960s civic brutalism in thea[tre] architecture. The Nottingh[am] Playhouse, the regional flags[hip] of that era, remains a diffic[ult] and uncomfortable house. T[he] Barbican we must lump a[nd] live with. But if you stand [in] Epidaurus or, as I did l[ast] September, the Diony[sus] Theatre in Athens, you see th[at] the Greeks knew more ab[out] what makes a theatre wo[rk] than does Sir Denys Lasd[un]. The same goes for Sprag[ue], Matcham and the ot[her] Victorian/Edwardian master[s].

Next week, three new pl[ays] by contemporary authors op[en] in London: Dusty Hughes's *T[he] Futurists*, about Russian po[ets] and radicals of the 1920s, [at] the Cottesloe; Anthony Mi[ng]hella's *Made in Bangkok*, [set] in the old Thai school of fle[sh]pots, at the Aldwych; a[nd] Julian Mitchell's *After A[ida]*, Verdi rousing himself in [old] age, at the superbly re[fur]bished but slightly troub[led] Old Vic. The Cottesloe [will] serve Mr Hughes admira[bly] but Messrs Minghella [and] Mitchell might well find th[em]selves inspired to grea[ter] heights by the sympath[etic] grandeur of plushier surrou[nd]ings.

Michael Coven[ey]

Television

Judges judged

The Franchise Affair by Asa Briggs and Joanna Spicer. Century Hutchinson, £14.95. 226 pages

ASA BRIGGS and Joanna Spicer have a timely warning for the Independent Broadcasting Authority: "It will not be easy to tolerate in future the existence of an Authority which, however good its intentions, reaches decisions which are not clearly explained and which cannot easily be justified. Those who make judgments must always expect to be judged."

The authors of the book are referring to the bizarre 1980 ITV franchising round when two of the established contractors, Southern and Westward, became sacrificial victims for reasons still not fully understood. But for such a book, with such a warning, to be published in the week in which the IBA was hauled before the High Court to explain its actions in blocking any Rank Organisation takeover of Granada is enough to elevate Asa Briggs into a minor prophet.

Rarely can a book have been so well timed. Michael Gifford, the chief executive of Rank, will undoubtedly read it from cover to cover. Michael Green, the chairman of Carlton Communications, whose agreed bid for Thames Television was blocked by the Authority in October, will read it hardly less avidly.

In trying to take over "viable ITV contractors" in mid-term, both Rank and Carlton felt the full weight of an outraged quango. But the supreme moment of the IBA's authority came on December 28 1980, when representatives of 34 television companies had to turn up at 70 Brompton Road for interviews, to be told whether or not they were getting a television franchise and on what terms.

It was a day of separate summonses, sealed envelopes and dispatch riders carrying the secret news from the IBA to Whitehall in an exquisite and peculiarly British ritual. For David Wilson, chairman of Southern Television, which lost its franchise to Television South, it was also a day of great bitterness. "The Authority," he wrote later, "performed an act of arbitrary power based on a secret process of assessment, exercised without opportunity for defence, questioning or appeal and we believe it had already decided that there had to be at least one supreme sacrifice, regardless of whom the replacement was to be. . ."

Asa Briggs (who is rapidly cornering the market in the history and politics of broadcasting) and Joanna Spicer have performed a useful service in pointing a spotlight at an area of public life in need of reform.

The main disappointment is the perhaps enforced heavy reliance on secondary sources and the copious quotations from newspapers. It seems extraordinary that in writing of events in Britain six years ago the authors have to admit that in this detective story there would be no resolution in the last chapter—"no final solutions, only continuing mysteries."

The secrecy that reigned at the time, it seems, is still intact. There remains the problem of how scarce resources such as television franchises are to be allocated.

"Arbitrariness must be replaced by criteria which are explicit, consistent and seen to be sustained from mid-term reviews to franchise awards and final contracts," the authors argue.

The current chairman of the IBA, Lord Thomson, commenting on the 1980 franchise process soon after the event, said: "There must be a better way." But with the next round of franchise due to be advertised by Christmas 1987 there is little sign that the IBA has made any progress towards finding one.

Raymond Snoddy

Radio

Food for farce

I WAS writing about the food on Radio 4 last week when I suddenly ran out of space. The third programme I meant to cover was Dr Alan Maryon-Davies on Saturdays with *Not Another Diet Programme*, which is another diet programme. In his first piece he spoke with shoppers in a supermarket, and a surprising lot of them repeated common current lore about polyunsaturated fats and things. We must, we were told, eat less saturated fat, less sugar, less salt, more fibre, cook spuds in their skins instead of mashing them, steam carrots instead of boiling them. It was just like a diet programme.

Another new series on Radio 4 is *Take Me to Your Reader*, where Tim Brooke-Taylor reads farcical episodes in the publishing business. The stories are basic publishing jokes, like having to publish verse at great expense, in order to retain the poet's output of kids' books about Billy the Bus.

More sophisticated lovers of farce could have had a jolly evening with Dario Fo on Wednesday, where the jokes were even more basic, such as having the hero (basically named Sunny Cloudy Stormy Weather) registered as a retriever dog on his birth certificate. There were chances for Dario Fo to have a bash at bureaucracy, but he took them half-heartedly. James Runcie was adapter and director; pointless and uninteresting incidental music came occasionally from Harvey and the Wallbangers.

James Runcie also directed Webster's *The White Devil* for Radio 3 on Sunday. This gorgeously baneful play, redolent of evil, was played largely in conspiratorial tones; the men all sounded much alike. The women established themselves better; Susan Fleetwood relished the wicked humour in Vittoria's trial, though she made rather less of her later distress. Pauline Delany was a forceful Cornelia, and Judith Jacob's Zanche stood out for the fresh quality of her voice. I hated Robert Sandall's music; and surely he might have done a setting for "The robin redbreast and the wren." But no; part of it was even cut, and the rest muttered.

There was more life in the start of *The Betrothed*, Radio 4's next "classic serial," the same evening. This is adapted by R. B. Amos from Manzoni's *I promessi sposi*, known to those of us who know it as Ponchielli's opera. Manzoni's prose was thought to be of great elegance, but in Mr Amos's dialogue I kept expecting to hear someone say "What's that supposed to mean?" An exciting hour, all the same, with a strong cast; well worth following.

Pick of the week for me was *A Changeable Report* on Radio 3 on Tuesday. This was a half-hour monologue spoken by a man on the verge of madness. There were all those names from the Trojan wars. It was a beautiful invention, the more beautiful for being read by Paul Scofield. He is an actor we hear (and see) too seldom.

B. A. Young

Solution to Chess No. 611

P-R5, PxP; 4†E0cmf shr cm shr 1 B-B5, K-R1; 2 B-Q4, K-R2; 3 P-R5, PxP; 4 B-K5, P-R5; 5 B-Q4, P-R6; 6 B-K5, P-R7; 7 BxP, K-R1; 8 B1K5, K-R2; 9 B-Q4, K-R1; 10 P-N6, PxP; 11 KxP mate or here 10 . . . B-R2; 11 KxBP mate.

Records

Furtwangler's marvels

BEETHOVEN: Symphonies 7 & 8.
Berlin Philharmonic / Furtwängler. Deutsche Grammophon 415 666-2

BRAHMS: Symphony 1, Variations on a Theme by Haydn.
Berlin Philharmonic / Furtwängler. Deutsche Grammophon 425 660-2.

BRUCKNER: Symphony 4.
Vienna Philharmonic / Furtwängler. Deutsche Grammophon 415 664-2

HAYDN: Symphony 88; SCHUMANN: Manfred, Overture, Symphony 4.
Berlin Philharmonic / Furtwängler. Deutsche Grammophon 415 661-2

SCHUBERT: Symphony 9, Rosamunde, Overture.
Berlin Philharmonic / Furtwängler. Deutsche Grammophon 415 660-2
(All available only on compact disc)

THE CENTENARY of Wilhelm Furtwängler's birth fell on January 25. He died in 1954, just as the long-playing record was establishing itself as the infinitely superior successor to 78s, and so his recording career only just strayed into the modern era. Perhaps it is for that reason his anniversary has been celebrated less lavishly by the record industry than Klemperer's centenary in 1985. Over the past 20 years, however, many of his earlier performances have appeared on record, particularly through the activities of the British-based Furtwängler Society, while some vintage recording, particularly the famous version of *Tristan* with Kirsten Flagstad and the La Scala *Ring* cycle, have never been allowed to leave the catalogue.

The only specific centenary releases to emerge so far (though a Beethoven cycle on LP from EMI has been announced) are these five compact discs from Deutsche Grammophon, generously filled with transfers (all of them in mono) of recordings mostly made at public concerts between 1949 and 1954. The majority of them have been available in some compilation or other before; the two Beethoven symphonies and the excerpts from *Tristan*, are, though, entirely new. As one might expect from the period of the recordings and the variety of venues involved, they vary considerably in quality, but DG were right to resist the temptation to modernise the sound too obviously.

The results are almost uniformly compelling; the unique charge that Furtwängler was able to bring to everything he conducted is thrillingly preserved. The coupling of Beethoven symphonies, the only totally new disc, is in some ways the lease valuable of the five, for Furtwängler's Beethoven is already a thoroughly known and measured quantity, and already accessible to those who want to sample it. The Seventh and Eighth are taken from a concert in the Berlin Titania-Palast in April 1953; as the writer of the sleeve points out, all-Beethoven concerts were relatively rare occurrences during Furtwängler's more than 30 years association with the Berlin Philharmonic. The range and sweep of the playing here, as well as the Philharmonic's ability to articulate at full tilt, are marvellous to behold, particularly in the Seventh.

The 1952 Brahms 1 also has a rival in the shape of a CD transfer of a concert performance with the Vienna Philharmonic made only two weeks earlier. That EMI disc is hard to obtain, however, and in almost every respect, save, perhaps, the extraordinary luminosity of the Vienna strings, the DG account is its equal. For me Furtwängler is the only Brahms conductor to generate real incandescence in the symphonies, able to present them as musical landscapes of great scope and tragic grandeur, in other words to flesh them out in three-dimensions. The Bruckner 4 (1951) is more fallible; the opening is uneasy, and the work never seems to settle down. It was first released on LP in 1979, coupled with versions of the Seventh, Eighth and Ninth, and the Fourth seems to me a strange selection to make from that set; the Seventh in particular receives a marvellously warm and rounded performance that merits further exposure on CD.

Both the Haydn and Schumann symphonies effectively are studio recordings, made in the Jesus-Christus Kirche in Berlin in 1951 and 1953 respectively. It shows: the sound quality is altogether more immediate than elsewhere, the detail suddenly clearly defined. They are both too irrepressibly energetic performances, the Haydn brimming with unselfconscious wit, the Schumann sustaining a momentum which thrusts aside all problems of structure and scoring. There is also a live (1949) *Manfred* Overture, its drama starkly etched. Schubert 9 belongs to the same set of sessions as the Haydn and shares its sense of involvement and forcefully projected detail, as well as possessing its own unstoppable impulsion and inner coherence.

Andrew Clements

Obituary: Sir Huw Wheldon

SIR HUW Wheldon, who died yesterday, was one of television's rare actor/managers. His television career, spent entirely with the BBC, began and ended on screen, starting in 1952 with the presentation of series such as *Opera for Everybody* (followed most memorably by *Monitor*) and ending with *Royal Heritage*, a nine-part series about palaces, paintings and antiques which was described on this page as "worthy to stand beside *Civilisation* and *America*."

In the years between he served successively as Head of Music and Documentary Programmes, Controller of Programmes and, from 1968 to 1975, Managing Director of BBC Television.

Story-telling was at the centre of Sir Huw's life. A superb raconteur himself, and one of the country's best after-dinner speakers, he believed passionately that story-telling lay at the centre of all that was best in television. He once said: "It is overwhelmingly through stories that we learn what we are like, and it is through stories that we learn what the world is like to live in."

On screen he exemplified this belief vividly in his exuberant style of narrative presentation. Off screen, as an administrator, he inspired fervent enthusiasm in other programme makers, declaring that his job was "to let trees grow."

It was during the Wheldon years that BBC Television raised such trees as *Civilisation*, *The Ascent of Man*, *Elizabeth R*, *Dad's Army*, and *Monty Python's Flying Circus*. Wheldon believed that all the best programmes emerged from the individual creative impulse. He championed the idiosyncratic, but ensured that under his management the BBC made popular programmes. He once told a Washington audience: "If there is a sentence I dislike more than 'Television is, of course, an art form,' it is 'Television is, of course, not an art form'."

Christopher Dunkley

WEEKEND FT

Private View

The City matadors charge

The Sweetings smell of success: champagne all the way

"JUST LOOK," the bearded man said to his pretty companion as they walked into the London Stock Exchange visitors' gallery. "This is where it's all happening. One of the world's richest places. Millions are made here, and fortunes lost, in minutes."

"Coo, look at all the nerds," the girl chirped.

"Public school men," her mentor replied, beard bristling. "They're all on fantastic salaries."

Together with a dozen others, Juney and I goggled down at the exchange floor where several hundred figures were wheeling and hanging around. They looked not unlike a colony of assorted beetles up on their hind legs. Among the sombre blue and grey shells of the (heavy) male majority, there flickered now and again the scarlet or turquoise of an occasional woman.

"Why do so many of them have hearing aids?" the girl asked.

"Cellular telephones," the man snorted. "See, there's one talking into his as he walks out."

Like the girl I had not been here before. My task on this newspaper is to write about important things like education and recruitment. But with a bull run on in the stock market and with everyone who knows anything being too busy writing about its detailed effects to have time to produce a general description the editor had only me to spare.

"What does a bull run look like?" I asked an expert colleague before plunging into the City.

"You'll find the champagne flowing. Equity turnover is running between two and three times higher than it was this time last year, particularly in industrials that stand to gain from low oil prices. Excuse me now, I must get on."

He spoke truly. Champagne is flowing in the champagne bar just across the road from the exchange. But that was hardly surprising since it seemed to sell nothing else. And the 22 people in the bar were outnumbered by those queueing at two adjacent sandwich shops, where peanut butter sarnies and the like in the 55-65p range were grossly outselling the smoked salmon variety at £1.50.

There was a more satisfyingly *opulent* look about three young men hob-nobbing by the exchange entrance. The nap on their natty overcoats looked like it would soon be needing a mow. I moved in closer, hoping to hear excited talk of fortunes rocketing.

"My sainted aunt," one said —which sounded promising. But as it turned out they were discussing an incomprehensible clue in a previous day's crossword. No did anyone on the trading floor look the least bit fevered.

"Yes, it's a raging market all right," I was told successively by several inhabitants of the trading room at Rowe and Pitman, the stockbrokers-cum-jobbers. "And everyone here thinks the rise in equities is going to continue. For every percentage point bonds go up, equities normally go up about two, you see. But though bonds are up 10 per cent over the past couple of months, equities are only up 10 also. Sorry, I've just got through to the floor . . . Hello, Phyllis, buy me 5,000 Woolies."

With yet another day's near-record London trading over, Bill Bentley's wine cellar in Old Broad Street was crowded. Champagne bottles were in evidence. But they were mostly of the Piper-Heidsieck kind at £13.50, not the '79 Krug at £38, and they were outnumbered outnumbered several times over by the Muscadet de Sèvre et Maine at £4.90. Fortunately, women were much better represented there than they were on the exchange floor.

"Kate's in bonds and I'm in gilts," announced one. "It's a great way to work; neither of us would do anything different. But I don't think the boom's *made anybody flip their lid.* It's always like this in the City. I think everyone's a bit in limbo until the Big Bang happens. Oh, here's J. J. B. . . ."

She gestured as a chubby figure approached, hugging a champagne bottle to his ribs like a teddy bear. He was followed by a man in a white raincoat who would have passed for a police inspector in a British B-film of the 1950s.

"*Steady sir,*" *said the police*man at the zebra crossing as I headed homeward at 10 pm. I explained *I had gone to look* at a bull run expecting a carnival, but none was in sight. "You'd do better to try Pamplona, sir," he sighed.

Michael Dixon

John Kitching on international rugby

Heroes and villains

In action — Gareth Chilcott on the right

A YEAR is a long time in international rugby. In 12 months we have seen Ireland's fortunes take a sharp turn for the worse England become *the* unpredictable side — taking over from France — and Scotland emerge as the Young Turks.

Today, these four sides are involved in the final games of this year's International Championship England are in Paris, Scotland in Dublin. Wales have already completed their programme, with limited success. Each side—except Ireland—has the chance today of at least sharing the championship, so so there is much at stake.

Followers of England this season have displayed a degree of fickleness equalled only by the selectors. First, it was the England pack that bore the blame for the big defeat by Scotland so the selectors — always alert to public opinion —made wholesale changes in the three-quarter line. In fairness to them, they also recalled the redoubtable Gareth Chilcott at prop and introduced Dean Richards at number eight.

Then, the England pack became the heroes, demolishing Ireland's eight a fortnight ago. Richards scored twice and fully *justified his selection* while Chilcott played his man-mountain part in the tight. He is a fierce barrel of a man who reminds me of the burly Guy's Hospital prop who growled in my ear at the first scrum: "If I were you, I wouldn't even bother striking for it, sonny." Ah, the psychological warfare of the front row.

Today the two most powerful packs in the championship will do battle in Paris. Perhaps Chilcott will growl a little warning into the ear of Daniel Dubroca, France's hooker and captain. Dubroca and fellow-forwards Garuet, Marocco, Erbani and Condom are among the world's toughest and most committed players. And when you consider that they have Sella, Blanco and the extremely impressive Lafond outside them, you realise that this French side will take some stopping.

Behind the England scrum, in which Wade Dooley is constantly improving, the selectors have again paired Kevin Simms and Fran Clough at centre in place of Simon Halliday and Jamie Salmon.

I don't think England have quite got it right at fly-half and *full-back.* Huw Davies is certainly an international-class player but not, perhaps, at full-back. *Why* not give him a run back in the centre? Rob Andrew at fly-half has had a *mixed season:* last-minute saviour against Wales; tactically naive against Ireland.

And so to poor *Ireland,* who take on the tearaway Scots today. In a sense, because they have nothing to *lose but* the match, the Irish might give their talented backs a bit of a run.

The Irish forwards have had a pretty dismal season and the selectors caused quite a *stir* when they dropped experienced loose-head Phil Orr, who was one cap short of the world record of 50 for a prop forward. Wisely, he has been recalled for today's game; *but if the* selectors think he can single-handedly restore Ireland's scrum power, *they will be* disappointed.

Still, you learn over the years never to *write off Ireland.* They are sure to give the Scots a tremendous game.

England will *certainly have* their work cut out to match the power and pace of the French *in Paris,* but Ciaran Fitzgerald's Ireland might just pip the much-vaunted Scots at Lansdowne Road.

Tim Dickson on the ancient sport of fives

Hand to hand combat

WHICH sport was contested 500 years ago, when five gallons of beer was typically the stake, is played today with equipment originally designed for the US National Aeronautics and Space Administration (NASA), and is the object of three-cornered international matches in the south of England this weekend?

The answer — for those who have not already worked it out — *is the ancient game of fives,* once known as "hand tennis."

Fives is one of those so called "minority" sports which unlike, say, snooker and darts, has not yet been brought to the attention of a wider spectating and television goggling public. Quite what viewers would make of it is hard to say. They would certainly see some similarities with squash and pelote. Played on a rectangular court somewhat smaller than a squash court a hard-ball is struck with gloved hands rather than a racket.

There are two forms of fives: the rubgy version played on an *open* court, and the Eton variety played on a court divided by a small step and featuring a wall called the "pepperpot." The first game of Eton Fives was played between two buttresses of the Eton College chapel.

Played extensively in the independent schools and in some of the older London grammar schools, the game's adult performers are a small if unimpeachably enthusiastic band who compete on a regular basis, largely in old boys' teams.

This weekend the spotlight is on Haileybury, near Hertford, where a rugby fives team from the United States will be battling for supremacy over a *team from Jersey (tomorrow)* and the United Kingdom (on Monday).

Americans might seem unlikely devotees of an essentially *British sport. In fact,* the game has been played for as long as anyone can remember at the Union Boat Club in Boston, and attracts a keen following in at least two New England private schools. The US team is inevitably dominated by schoolteachers, but it boasts one deep sea fisherman, several property men and a lawyer. Assuming the relevant skills are hereditary, a man to watch could be the son of a famous baseball pitcher who shared a room for much of his career with the *legendary home run specialist* Babe Ruth.

Monday's match between the UK and the US will be the fourth of a series — the British, incidentally, have never lost — but tomorrow's curtain-raiser with Jersey will be the first *time the biggest of the Channel* Islands has stepped on to the international stage.

The Jerseymen, are by no means recent newcomers to the game. They claim to have *unearthed one of the first fully* documented accounts of the game of fives anywhere in the world. The detailed record, written down in medieval French by a diligent chronicler, forms part of the evidence given at the treason trial of a Jersey seigneur in December 1463.

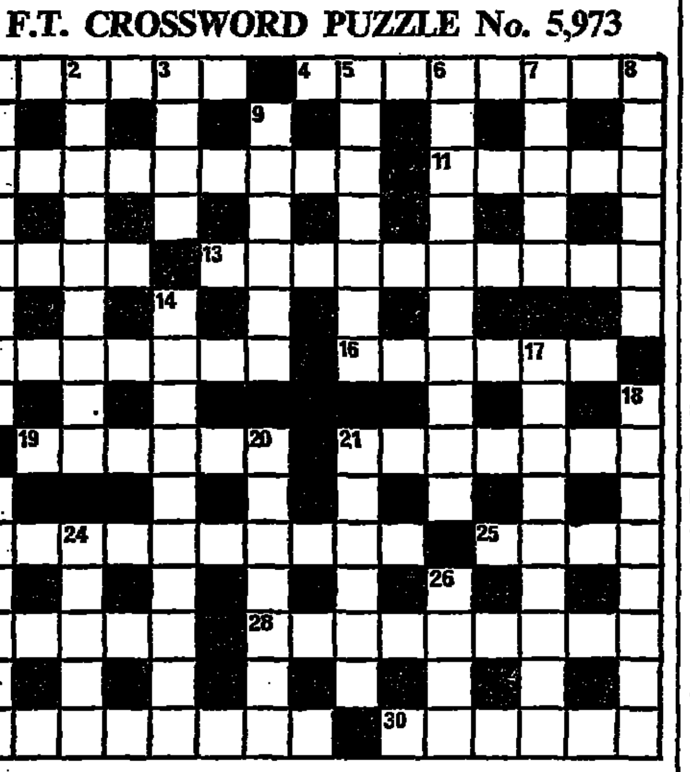
Quite what relevance this had to the offence — or, indeed, what difference it made to the verdict — is not made clear. However, it does suggest that the tradition of taking proper refreshment after strenuous exercise is not a modern development. A gallon of beer was wagered *on each of the five* games described — though with three players on each side that *may not,* in some circles, be considered an excessive intake.

Some students of the game *say that fives derived its name from* five players on each side — though both the Eton and *rugby versions* have no more than two on each team. The court, moreover, would hardly have been big enough to accommodate 10 in all.

Other suggestions offered by those interested in the origins of the game are that the name reflects the use of all five *fingers* of one hand, and that the scoring runs in units from one to 15 — the best of five when a score of 14-all is reached.

No doubt the international players will be discussing these finer points over their gallons of beer in the next couple of days.

F.T. CROSSWORD PUZZLE No. 5,973



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

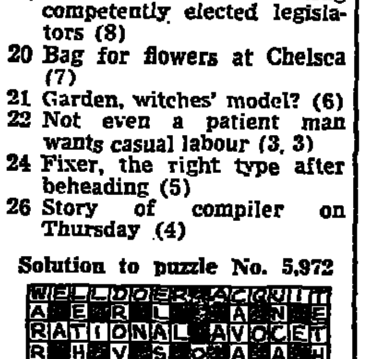
Wise men get back in by crime (6)
Water largely enclosed by old airline without shortages (5, 3)
Coach horse in plenty of opportunities (4-1-4)
Get thinner and lighter (5)
Army in charge of pub? (4)
Ordinary language of Navarre, strangely without a bit of culture (10)
Drinking place for king in minus 51 atmospheric pressure (4, 3)
Cunning call around behind (6)
A later Southern capital (6)
In company everything American is without sensitivity (7)
Not original, in case it's Queen Elizabeth the fourth (10)
It sounds a frightening word for a foot (4)
German agreement on transport from Indonesia (5)
Unpaid, come by variety of maze? (9)
17 Biter with a number that's tasty (9)
18 Confusion arises among competently elected legislators (8)
20 Bag for flowers at Chelsca (7)
21 Garden, witches' model? (6)
22 Not even a patient man wants casual labour (3, 3)
24 Fixer, the right type after beheading (5)
26 Story of compiler on Thursday (4)

A little before time? Territorial comes in and Army leaves, with resentment (8)
Impudent revolutionary with change of key (6)

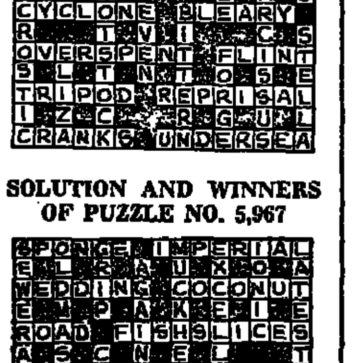
DOWN

Footballer on his ground, where I come from? (4, 4)
Piece of lawn to give information of conspiracy (5, 4)
Porridge for breakfast, possibly (4)
Spartan in speech? (7)
Bed for kittens? (4, 6)
Botanical term needing authentification, outside page (5)
Lights alternatively found in atmosphere (6)
Make rapid progress in one's profession? (6)
Wild braves entering of old, in keeping (10)

Solution to puzzle No. 5,972



SOLUTION AND WINNERS OF PUZZLE NO. 5,967



Mr A. Douglas, Wortley, Sheffield.
Mrs J. Jarvis, Stamford, Lincs.
Mr J. D. Mason, Belfast, Northern Ireland.
Miss C. Treadwell, Homer Street, London W1.
Mrs I. C. Mackenzie, Godalming, Surrey.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am Hunter's Gold. 8.55 Bananaman. 9.00 Saturday Superstore. 12.15 pm Grandstand, including 1.00 News. Football Focus, Racing from Lingfield, Boxing, Rugby Union—France v England followed by second half of Ireland v Scotland (kick off at 2.45), Rallying and Final Score at 4.40.

5.05 News. 5.15 Regional Programmes. 5.20 The Muppet Show. 5.45 Jim'll Fix It. 6.20 The Dukes of Hazzard. 7.05 The Little and Large Show. 7.40 Every Second Counts. 8.15 The Collectors. 9.05 News and Sport. 9.20 Film: "The Brink's Job. 11.00 Film: The Horror Movie: "Patrick."

BBC 2

†2.00 pm Film: "The Woman On The Beach," starring Joan Bonnett, Robert Ryan and Charles Bickford. †3.05 Film: "Secret Beyond the Door," starring Joan Bennett and Michael Redgrave. 4.40 Laramie. 5.30 Deutsch Direkt! 5.55 Horizon. 6.45 Newsview. 7.25 International Pro-celebrity Golf 8.15 The Sea of Faith. 9.05 Stuart Burrows Sings. 9.55 Saturday Review. 10.55 Film: "Orphans of the Earth." †11.50-12.30 am Jazz 625: The Benny Golson Orchestra.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 No 73. 11.00 Captain Scarlet. 11.30 Secret Valley. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 Airwolf. 2.15 Benson. 2.45 Hockey: The Tipp-Ex Trophy—England v Canada. 4.45 Results Service. 5.00 News. 5.05 Connections. 5.35 The A-Team. 6.30 Bobby Davro on the Box. 7.00 The Price is Right. 8.00 Murder, Mystery, Suspense. 9.45 News and Sport. 10.00 Aspel and Company. 10.45 LWT News Headlines followed by The Making of Mad Max. 11.40 A Song for Ireland. 12.35 am Night Thoughts.

CHANNEL 4

1.10 pm The Face Of The Deep. 2.00 "Song Of The Islands," starring Betty Grable and Victor Mature. †3.30 "Inspector Hornleigh Goes To It," starring Gordon Harker and Alastair Sim, with Phyllis Calvert and Edward Chapman. 5.05 Brookside Omnibus. 6.00 Family Ties. 6.30 Unforgettable. 7.00 News Summary followed by Seven Days. 7.30 Down Home. 8.30 Saturday Live. 10.00 Hill Street Blues. †11.00 "Son Of Dracula" (Lon Chaney Jr stars). †12.30 am Route 66.

S4C WALES

...2.30 pm Rygbi: Iwerddon v Yr Alban. 4.25 Feature Film: "Sweethearts," starring Jeanette MacDonald and Nelson Eddy. 6.30 How Does Your Garden Grow? 7.00 Hwrlibrli. 7.30 Newyddion. 7.45 Stumiau. 8.15 Ymweliad haf a Dyffryn Clwyd. 9.00 Bwyta'n Dda. 9.25 Y Maes Chwarae. 10.20 Saturday Live. 11.50 Brothers.

IBA Regions as London except at the following times:

ANGLIA

11.00 am Terrahawks. 11.30 The Flying Kiwi. 2.15 pm Small Wonder. 5.05 *Blockbusters.* 10.45 *Film:* "Something To Hide," starring Peter Finch, Shelley Winters, Colin Blakely and John Stride. 12.30 am Shared Prayer.

BORDER

11.00 am The Greatest American Hero. 2.15 pm Small Wonder. 5.05 Dreams. 10.45 Mannix.

Dilly Keene of Fascinating Aida, C4, 8.30 pm

CENTRAL

11.00 am The Greatest American Hero. 2.15 pm *Small Wonder* 5.05 Mr and Mrs. 10.45 The Bronson Movie: "Red Sun."

CHANNEL

11.00 am The Greatest American Hero. 11.59 Today's Weather. 2.15pm Mr Smith. 5.05 Blockbusters. 10.45 Stand Up Virgin Soldiers. 12.25 am After Midnight: The Explorers.

GRAMPIAN

11.05 am The Greatest American Hero. 2.15 pm Small Wonder. 10.45 Feature Film—The Long Riders (David, Robert and Keith Carradine star). 12.30 am Reflections.

GRANADA

11.05 am The Greatest American Hero. 2.15 pm Mind Your Language. 5.05 Connections. 10.45 Something To Hide, starring Peter Finch and Shelley Winters. 12.30 am Osibisa in Concert.

HTV

†11.05 am Fireball XL5. 11.30 Captain Scarlet and the Mysterons. 11.58 HTV News. 2.15 pm Supercar! 5.05 Terrahawks. 10.45 The Secret, starring Jean-Louis Trintignant, Marlene Jobert and Phillipe Noiret.

SCOTTISH

11.00 am The Glen Michael Cavalcade. 11.45 Adventures of Jeremy. 2.15 pm *Small Wonder.* 5.05 *Blockbusters.* 10.45 "Red Sun," starring Charles Bronson, Toshiro Mifune and Ursula Andress. 12.30 am Late Call.

TSW

11.00 am Gus Honeybun's Magic Birthdays. 11.03 Freeze Frame. 11.57 *TSW News.* 2.15 *pm Bullseye.* 5.05 Newsport. 5.10 Blockbusters. 10.45 The Saturday Late Night Film: "Asylum," starring *Robert* Powell, *Peter Cushing, Britt Ekland and Herbert* Lom. 12.20 am Postscript.

TVS

11.00 am The Greatest American Hero. 11.57 TVS Weather. 2.15 pm Mr Smith. 6.05 Blockbusters. 10.45 "Stand Up Virgin Soldiers," starring Robin Askwith and George Layton. 12.25 am After Midnight: The Explorers. 1.25 Company.

TYNE TEES

11.00 am Morning Glory. 11.05 The Little House on the Prairie. 2.15 pm Benson. 5.05 Mind Your Language. 10.45 "Barbarella," starring Jane Fonda, Marcel Marceau and Milo O'Shea. 12.35 am Poet's Corner.

ULSTER

11.00 am The Baron. 11.58 Lunchtime. 2.15 pm Small Wonder. 5.03 Ulster News. 9.57 Ulster News. 10.45 Feature Film: "Something To Hide," starring Peter Finch, Shelley Winters and Colin Blakely. 12.25 am News at Bedtime.

YORKSHIRE

11.00 am Otherworld. 2.15 pm Small *Wonder. 10.45 "The Bushido Blade"* (Richard Boone stars).

(S) Stereo on VHF

BBC 2 RADIO

8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 1.00 pm Ken Dodd's Palace of Laughter. 1.30 Sport on 2 including: Rugby Union Football, Cricket, Badminton, and at 5.00 Sports Report. 6.00 Folk on 2. 7.00 Pop Score. 7.30 Rodgers and Hammerstein at the Barbican (S). 9.30 String Sound (S). 10.05 Martin Kelner (S). 12.05 am Night Owls, introduced by Dave Gelly (S). 1.00 Bill Rennells presents Nightride. 3.00-4.00 A Little Night Music (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.15 St Louis Symphony Orchestra—Recorded concert conducted by Leonard Slatkin: Berlioz, Tippett (Triple Concerto); 12.00 Interval Reading 12.05 pm Prokofiev (extracts from ballet Cinderella) (S). 1.00 News. 1.05 Early Music Network (S). 2.00 Vaughan Williams in His Time (S). 4.00 Salvatore Accardo and Bruno Canino violin and piano recital (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music for the Iron Voice (S). 7.05 Hawkwood (sequence of poems by Ken Smith). 7.30 Sullivan: "The Golden Legend," direct from the Town Hall, Leeds, conducted by Sir Charles Mackerras (Part 1) (S). 8.35 The Missing Ingredient. 8.55 "The Golden Legend" (Part 2) (S). 9.45 Conversations with Alexander Pope. 10.00 John Marlow Rhys: "Capriccio," played by the Nash Ensemble (S). 10.20 Kassner's Story. 10.40 Extracts from Gluck's "Orfeo ed Euridice" (S). 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.48 Yesterday in Parliament. 8.57 Weather; Travel. 9.0 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster reviewed by Peter Kellner of the New Statesman. 10.30 Loose Ends. 11.30 From Our Own Correspondent. 12.0 News; Money Box. 12.27 pm Take Me To Your Reader (s) 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.0 News; Irish Drama (s) 3.0 News; International Assignment. 3.30 The Saturday Feature. 4.15 Not Another Diet Programme. 4.45 The Fosdyke Saga. 5.0 The Living World. 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.0 News; Sports Round-up. 6.25 Conversation Piece. 6.50 Ten Thousand Miles on an Overdraft. 7.05 Stop the Week with Robert Robinson (s). 7.45 Baker's Dozen (S). 8.30 Saturday-Night (s) 9.58 Weather. 10.00 News. 10.15 Evening Service (s). 10.30 The Turn of the Tide. 11.0 Science Now. 11.30 The Good Human Guide (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Articles of Faith. 9.30 This is the Day. 10.00 Asian Magazine. 10.30 L-Driver. 10.55 Recovery. 11.20 Tele-Journal. 11.45 Nothing but the Best. 12.10 pm Sorry, Mate, I Didn't See You! 12.35 Farming. 12.58 Weather News for Farmers. 1.00 This Week, Next Week. 2.00 East Enders.

3.00 Tom and Jerry. †3.05 Film Matinee: "They Were Expendable" (John Wayne and Robert Montgomery star). 5.15 Brat Farrar. 5.45 Antiques Roadshow. 6.25 Jack Ashley appeals on behalf of the Television for the Deaf Fund. 6.30 News. 6.40 Songs of Praise from Petersfield. 7.15 Hancock's Half Hour: The Ladies Man. 7.45 Miss Marple: The Body In The Library by Agatha Christie, part 2. 8.40 Mastermind. 9.10 News. 9.25 That's Life. 10.10 The Rock Gospel Show. 10.45 Geoffrey Smith's World of Flowers. 11.10 Secret Nature.

BBC 2

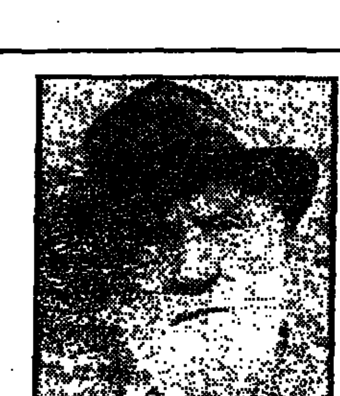
2.00 pm Rugby Special (highlights of *yesterday's internationals*). 3.00 Darts. 4.10 The Great Art Collection. 4.40 Music by Haydn. 5.10 Darts. 6.00 Ski Sunday. 6.30 The Money *Programme.*

7.15 Nature. 7.45 Previn on Concertos. 8.35 Tales from Hoffnung. 8.45 Thinking Aloud. 9.30 Architecture *at the Crossroads.* 10.10 *Film: Screen* Two: "Blood Hunt." 11.40-12.25 am Darts (highlights).

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 Woody and Friends. 9.45 Roger Ramjet. 10.00 Morning *Worship.* 11.00 *Link.* 11.30 Natural Resources. 12.00 Weekend World. 1.00 pm Police 5. 1.10 The Smurfs. 1.25 Gold Is Where You Find It. 2.00 *LWT News Headlines, followed* by Encounter.

2.30 The Big Match Live — Everton v Chelsea. 4.30 The Queen's Voyage.



Andrew Keir in Blood Hunt, BBC2, 10.10 pm

5.00 Seal Morning. 5.30 Bullseye. 6.00 *Albion Market.* 6.30 *News.* 6.40 Highway. 7.15 People Do The Funniest Things. 8.00 The British Academy Awards. 10.15 News. 10.30 Hot Metal. 11.00 *Celebrating Saint Patrick.* 12.00 LWT News Headlines, followed by A Chorus Line — from stage to screen. 12.30 am Night Thoughts.

CHANNEL 4

1.00 pm Irish Angle presents Hands. 1.30 Face the Press. 2.00 Pob's Programme. 12.30 "Every Day's a Holiday" (Mae West stars). †3.55 "The Bank Dick" starring W. C. Fields. 5.15 News Summary followed by The Business Programme. 6.00 Badminton. 7.15 Patterns of Life. 8.15 The Other Emerald Isle. 9.15 Mr Pye. 10.15 "I Love You, Alice B. Toklas" 12.00 am Channel 4 News Special: The French Elections.

S4C WALES

2.05 pm Union World. †2.35 Feature Film: "Pygmalion" Leslie Howard stars with Wendy Hiller. 4.20 Iesu Ddoe A Heddiw. 4.50 Byw'n Y Beda. 5.15 *The Business Programme.* 6.00 The Yonex All England Open Badminton Championships. 7.15 Dori Dag. 7.20 Newyddion.

7.30 Cais Am Gân. 8.00 Mwynhau'r Petho. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Ar Groesffordd Ofn. 9.30 Nosey Parker. 10.30 The Pointer *Sisters in Paris.* †11.35 Scotland Yard. 12.00 The French Elections.

IBA Regions as London except at the following times:

ANGLIA

9.30 am The Prizewinners. †1.00 The Beverly Hillbillies. 1.25 Weather *Trends.* 1.30 *Farming* Diary. 12.00 That's Hollywood. 12.30 am Visions and Voices.

BORDER

9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Terrahawks. 1.30 Farming Outlook.

CENTRAL

9.25 am Today's Weather. 9.28 Starting Point. 9.30 Les Francais Chez-vous. 9.45 Cartoon Compilation. 1.00 pm Gardens For All. 1.30 Farm Focus. 12.00 The Adventurer.

CHANNEL

9.25 am Watto, Wattoo. 9.30 Terrahawks. 1.00 pm Here And Now. 1.30 The Queen's Voyage. 4.30 Wish You Were here . . . ?

GRAMPIAN

9.25 am Cartoon. 9.30 Sesame Street. 10.30 Fireball XL5. 1.00 pm Farming Outlook. 1.30 The Queen's Voyage. 2.30 Ice Hockey—(The *Grampian Invitation Trophy*). 3.30 Benson. 4.00 Bullseye. 4.30 Seal Morning. 5.00 Scotsport.

GRANADA

9.25 am Max the 2000 year old Mouse. 9.35 Indian Legends of Canada. 11.00 Natural Resources. 11.25 Aap Kaa Hak. 1.00 pm The Fall Guy. 1.55 The Queen's Voyage. 4.30 Encounter. 12.00 Benson.

HTV WEST

9.25 am Jayce and the Wheeled Warriors. 9.50 Science International. 1.00 pm Gardening Time. 1.30 Farming Wales, *followed by Weather for* Farmers. 6.36 HTV News.

HTV Wales—As HTV West except: 1.00-1.30 pm Wales on Sunday.

SCOTTISH

9.25 am Foo Foo. 9.35 Natural Resources. 10.00 Sesame Street. 11.30 Encounter. 1.00 pm Farming Outlook. 1.30 The Queen's Voyage. 2.00 Songs of Celebration. 2.30 Ice Hockey (The Grampian Invitation Trophy — Dundee v Glasgow). 3.30 Studio. 4.30 Seal Morning. 5.00 Scotsport. 12.00 Late Call.

TSW

9.25 am Link followed by South West Link. 11.00 Natural Resources. 11.25 *Look and See.* 11.30 *The South West* Week. 1.00 pm Farming News. 1.30 The Queen's Voyage. 4.30 Seal Morning. 5.00 Gus Honeybun's Magic Birthdays. 5.03 *Falcon Crest.* 12.00 *The* Pick of Postscript. 12.30 am Postscript Postbag.

TVS

9.25 am Action Line. 9.35 Cartoon Compilation. 1.00 pm Agenda. 1.30 *Farm Focus.* 12.00 *The Adventurer.* 12.30 am Company.

TYNE TEES

9.25 am Fireball XL5. 9.50 Sunday Lookaround. 9.55 Morning Glory. 1.00 pm Farming Outlook. 1.30 Wish *You Were Here . . . ?* 12.00 The Peterlee Memorial Methodist Church Choir.

ULSTER

9.40 am Advice with Anne Hailes. 12.58 pm Lunchtime News. 1.00 Farming Ulster. 1.28 Farming Weather. 1.30 Portraits of Power. 6.38 *Ulster News.* 10.27 Ulster News. 12.00 Sports Results. 12.05 am News at Bedtime.

YORKSHIRE

9.25 am Link. 11.00 Natural Resources. 11.30 Farming Diary followed by Farming and Inshore Weather. 1.00 pm *Man in a Suitcase.* 4.30 Seal Morning. 5.00 The Queen's Voyage. 12.00 Vaclav Vava: Fantastic Visions. 12.30 am Five Minutes.

(S) Stereo on VHF

BBC RADIO 2

7.30 am Roger Royale says Good Morning Sunday (S). 9.05 Melodies For You (S). 11.00 Desmond Carrington with your Radio 2 All-Time Greats (S). 1.00 pm David Jacobs presents Two's Best (S) 2.00 Benny Green (S). 3.00 Alan Dell with Sounds Easy (S). 4.00 Jazz Classics in Stereo (S). 4.30 Sing Something Simple (S). 5.00 Charlie Chester with your Sunday Soapbox. 7.00 Castle's Corner. 7.30 The Gentle Touch. 8.00 Cynthia Glover Sings with the Orchestra. 8.30 Sunday Half-Hour from St George's Church, Jesmond. 9.00 Your Hundred Best Tunes introduced by Alan Keith. 10.05 Songs from the Shows—BBC Radio Orchestra with guest singers. 10.30 Acker's Away. 11.00 Sounds of Jazz with Peter Clayton (stereo from midnight). 1.00 am Bill Rennells presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3

7.00 am News. 7.05 Schubert and *his contemporaries* (S). 9.00 *News.* 9.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 Scarlatti and Beethoven (S). 12.15 pm From the *Proms 85 Swedish Radio S O conducted* by Esa-Pekka Salonen. Part 1: Ingvar Lidholm (Kontakion), Sibelius (5 Songs, with Hakan Hagegard) (S). *12.50 Collectors' Items. 12.55 From the* Proms 85 Part 2: Mahler's 4th Symphony (with Lena Hoel, soprano) (S). 2.05 Flute and Piano (S). 2.40 *"Il Turco in Italia" opera in two acts* by Rossini, sung in Italian in a Swiss Radio recording conducted by Bruno Campanella (S). (4.05-4.10 Interval Reading.) 5.15 Left, Right and Centre. 6.00 Sallinen and Holmboe (S). 6.55 Lumina (S). 8.00 Iredynski Double Bill. *Two short plays by* Ireneusz Iredynski: "Nobody Dances Like That Now" and "The Window" (S). (8.20-8.30 Interval between the plays.) 8.45 *Endellion String Quartet,* Part 1: Haydn, Berg (S). 9.40 New Deal for an old Prophet. 10.00 Recital, Part 2: Smetana (S). 10.35 Hercules Opts For Virtue (S). 11.25 *Albert* Sammons (mono record of Bruch's Violin Concerto No 1). 11.57-12.00 News.

BBC RADIO 4

8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Bishop George *Reindorp talks,* for the Week's Good Cause, about The Richard Dimbleby Cancer Fund. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. *9.15 Letter* From America by Alistair Cooke. 9.30 Morning Service from the Chapel of The Queen's College, Birmingham. 10.15 The Archers *(Omnibus edition).* 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 *Shipping Forecast.* 2.00 News: Gardeners' Question Time. 2.30 The Afternoon Play (S). 4.00 News; The Food Programme. 4.30 The Natural *History Programme.* 5.00 News; Travel. 5.05 Down Your Way visits Barton-on-Humber, Humberside. 5.50 Shipping Forecast. 5.55 Weather. 6.00 *News;* French Election Report. 6.15 Weekend Woman's Hour. 7.00 Travel; Lord of Misrule (S). 7.30 Feedback (Chris Dunkley airs listeners' comments about BBC programmes and policies). 7.45 Streams in the Desert. 8.00 Bookshelf. 8.30 French Election Report. Philip Short with the latest results and analysis of today's French National Assembly elections. 8.45 The Fisherman's Tale. 9.00 News; The Betrothed (S). 9.58 Weather. 10.00 News; French Election Special. 11.00 Hidden Glory. 11.15 In Committee. 12.00-12.15 am News.